AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

FEDERAL REGISTER

VOLUME 8 NUMBER 167

Washington, Tuesday, August 24, 1943

Regulations

TITLE 6—AGRICULTURAL CREDIT

Chapter II—Commodity Credit Corporation

REDESIGNATION OF CHAPTERS

Pursuant to the authority vested in me as War Food Administrator, *It is hereby ordered*, That:

The titles of Chapters II and III of Title 6, Agricultural Credit, Code of Federal Regulations, be, and the same hereby are, redesignated as "War Food Administration (Commodity Credit)" and "War Food Administration (Farm Security)", respectively.

The titles of Chapters I, IV, VI, VII, VIII, IX, X, XI and XII of Title 7, Agriculture, Code of Federal Regulations, be, and the same hereby are, redesignated as "War Food Administration (Standards, Inspections, Marketing Practices)", "War Food Administration (Crop Insurance)" "War Food Administration (Soil Conservation)", "War Food Administration (Agricultural Adjustment)" "War Food Administration (Sugar Determinations)", "War Food Administration (Marketing Agreements and Orders)", "War Food Administration (Production Orders)", "War Food Administration (Distribution Orders)", and "War Food Administration (Commodity Credit Orders)", respectively.

The title of Chapter II of Title 9, Animals and Animal Products, Code of Federal Regulations, be, and the same hereby is, redesignated as "War Food Administration (Packers and Stockyards)".

The title of Chapter I of Title 17, Commodity and Securities Exchanges, Code of Federal Regulations, be, and the same hereby is, redesignated as "War Food Administration (Commodity Exchanges)".

The title of Chapter IX of Title 29, Labor, Code of Federal Regulations, be, and the same hereby is, redesignated as "War Food Administration (Agricultural Labor)".

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423)

Done in Washington, D. C., this 20th day of August 1943.

MARVIN JONES,
War Food Administrator.

[F. R. Doc. 43-13660; Filed, August 21, 1943; 11:05 a. m.]

Chapter III—Farm Security Administration

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra*.

TITLE 7—AGRICULTURE

Chapter I—War Food Administration

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra*.

Chapter IV—Federal Crop Insurance Corporation

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra*.

Chapter VI—Soil Conservation Service

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra*.

Chapter VII—Agricultural Adjustment Agency

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra*.

Chapter VII—War Food Administration (Agricultural Adjustment)

[ACP-1943-17]

PART 701—AGRICULTURAL CONSERVATION PROGRAM

FARM PRODUCTION PRACTICE ALLOWANCE IN PENNSYLVANIA

Pursuant to the authority vested in the Secretary of Agriculture under sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, and in the War Food Administrator by Executive Order No. 9332,

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Published daily, except Sundays, Mondays, and days following legal holidays, by the Division of the Federal Register, The National Archives, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500, as amended; 44 U.S.C., ch. 8B), under regulations prescribed by the Administrative Committee, approved by the President. Distribution is made only by the Superintendent of Documents, Government Printing Office, Washington, D. C.

The regulatory material appearing herein is keyed to the Code of Federal Regulations, which is published, under 50 titles, pursuant to section 11 of the Federal Register Act, as amended June 19, 1937.

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as amended by Executive Order No. 9334, the 1943 Agricultural Conservation Program, as amended, is further amended as follows:

Section 701.405 (e), (3) is amended by adding the following new subdivision (iii):

§ 701.405 *Production practice goals, allowances, practices and rates of payment.* * * *

(e) *Farm production practice allowance* * * *

(3) *Farms in the Northeast region.* * * *

(iii) In Pennsylvania the allowance shall be increased by the cost of liming material furnished as conservation material after July 24 and after the allowance computed under subdivision (i) above has been earned.

Done at Washington, D. C., this 21st day of August 1943.

MARVIN JONES,
War Food Administrator.

[F. R. Doc. 43–13677; Filed, August 21, 1943; 3:42 p. m.]

[Tobacco 703 (Burley) Part I, Supp. 4]

PART 724—BURLEY TOBACCO

ACREAGE ALLOTMENTS FOR OLD FARMS

Part I, Procedure for the Determination of Acreage Allotments and Normal Yields for 1943, is amended to read as follows:

§ 724.515 *Determination of acreage allotments for old farms.* Notwithstanding the provisions of § 724.512 (b) the 1943 tobacco acreage allotment for an old farm shall be the 1942 allotment (corrected if found to be in error) increased by the larger of 10 percent of the 1942 allotment or one-tenth acre, except that the 1943 allotment for any farm having a 1942 allotment shall not be less than five-tenths acre. For any farm for which the 1942 allotment was reduced because of violation of the 1941–42 marketing quota regulations, the 1942 allotment as determined before such reduction was made shall be used in determining the 1943 allotment. The allotment so determined under this section shall be subject to the adjustments provided for in §§ 724.516, 724.517 and 724.518. No acreage allotted to the farm in 1942 from the State pools, except the acreage allotted to a farm, the owner of which was dispossessed of another farm by the acquisition thereof by a federal agency for national defense purposes, shall be used in determining the 1943 allotment. This provision shall not be construed to prohibit determining an allotment for 1943 under the provisions of § 724.518 (a).

(52 Stat. 38, 47; 54 Stat. 392; 53 Stat. 1261; 56 Stat. 51; 7 U.S.C. 1940 ed. 1301 (b) 1313; 52 Stat. 66; 7 U.S.C. 1940 ed. 1375 (a), 371 (b) & (c); E.O. 9322, as amended by E.O. 9334; Pub. Law 43, 78th Cong., approved April 29, 1943)

Issued at Washington, D. C. as of the 21st day of August 1943.

MARVIN JONES,
War Food Administrator.

[F. R. Doc. 43–13678; Filed, August 21, 1943; 3:42 p. m.]

Chapter VIII—War Food Administration

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra.*

Chapter IX—War Food Administration

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra.*

Chapter X—War Food Administration

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra.*

Chapter X—War Food Administration (Production Orders)

[Amdt. 5 to FPO 3 as Amended May 6, 1943]

PART 1202—FARM MACHINERY AND EQUIPMENT

ENGINES

Schedule I of Food Production Order 3, as amended (8 F.R. 5963, 7299, 7625, 8045, 8915, 9100, 9101), is amended by deleting from Part B thereof the following:

ENGINES

War Production Board No.	
	Engines (one or more but under 5 h. p.):
199	Air cooled.
200	Water cooled.
	Engines (five or more but under 10 h. p.):
201	Air cooled.
202	Water cooled.

Issued this 23d day of August 1943.

MARVIN JONES,
War Food Administrator.

[F. R. Doc. 43–13701; Filed, August 23, 1943; 11:20 a. m.]

Chapter XI—War Food Administration

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra.*

Chapter XI—War Food Administration (Distribution Orders)

[FDO 65–2]

PART 1405—FRUITS AND VEGETABLES

SHIPMENTS OF BARTLETT AND BEURRE HARDY PEARS GROWN IN CALIFORNIA, OREGON, OR WASHINGTON

Pursuant to the authority vested in me by Food Distribution Order No. 65, issued by the Acting War Food Administrator on July 19, 1943, effective in accordance with the provisions of Executive Order No. 9280, dated December 5, 1942; Executive Order No. 9322, dated March 26, 1943; and Executive Order No. 9334, dated April 19, 1943, and in order to effectuate the purposes of the aforesaid orders; *It is hereby ordered,* As follows:

§ 1405.23 *Reports in connection with shipments of Bartlett and Beurre Hardy pears*—(a) *Definitions.* Each term defined in Food Distribution Order No. 65, issued by the Acting War Food Administrator on July 19, 1943, shall, when used herein, have the same meaning as set forth for such term in said Food Distribution Order No. 65.

(b) *Reports.* (1) Each person who ships pears from region 1 shall report to the regional Program Manager in Sacramento, California, on or before August 31, 1943, the total quantity of pears shipped by the respective shipper from region 1, for fresh consumption, during the season beginning on April 1, 1942. Each person who ships pears from region 2 shall report to the regional Program Manager in Medford, Oregon, on or before August 31, 1943, the total quantity of pears shipped by the respective shipper from region 2, for fresh consumption, during the season beginning on April 1, 1942.

(2) Each person who ships pears from region 1 shall report to the regional Program Manager in Sacramento, California, on or before August 31, 1943, the total quantity of pears shipped by the respective shipper from region 1, for fresh consumption, during the period beginning on April 1, 1943, and ending on August 21, 1943. Each person who ships pears from region 2 shall report to the regional Program Manager in Medford, Oregon, on or before August 31, 1943, the total quantity of pears shipped from region 2, for fresh consumption, during the period beginning on April 1, 1943, and ending on August 21, 1943.

(3) The reporting requirements of this order have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(c) *Effective date.* This order shall become effective at 12:01 a. m., e. w. t., August 24, 1943.

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423; FDO 65, 8 F.R. 9905)

Issued this 23d day of August 1943.

ROY F. HENDRICKSON,
Director of Food Distribution.

[F. R. Doc. 43–13730; Filed, August 23, 1943; 11:56 a. m.]

[FDO 74–2]

PART 1405—FRUITS AND VEGETABLES

SHIPMENTS OF ELBERTA PEACHES GROWN IN OREGON OR WASHINGTON

Pursuant to the authority vested in me by Food Distribution Order No. 74, issued by the War Food Administrator on August 6, 1943, effective in accordance with the provisions of Executive Order No. 9280, dated December 5, 1942; Executive Order No. 9322, dated March 26, 1943;

and Executive Order No. 9334, dated April 19, 1943, and in order to effectuate the purposes of the aforesaid orders: *It is hereby ordered,* As follows:

§ 1405.24 *Reports in connection with shipments of Elberta peaches*—(a) *Definitions.* Each term defined in Food Distribution Order No. 74, issued by the War Food Administrator on August 6, 1943, shall, when used herein, have the same meaning as set forth for such term in said Food Distribution Order No. 74.

(b) *Reports.* (1) Each shipper shall report to the Director on or before August 31, 1943, the total quantity of peaches shipped by the respective shipper during the calendar year of 1942.

(2) Each shipper shall report to the Director on or before August 31 1943, the total quantity of peaches shipped by the respective shipper during the period beginning on January 1, 1943, and ending on August 21, 1943.

(3) The reports required by the provisions hereof shall be addressed in accordance with the provisions of § 1405.18 (h) of Food Distributior Order No. 74.

(4) The reporting requirements of this order have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(c) *Effective date.* This order shall become effective at 12:01 a. m., e. w. t., August 24, 1943.

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423; FDO 74, 8 F.R. 10969)

Issued this 23d day of August 1943.

ROY F. HENDRICKSON,
Director of Food Distribution.

[F. R. Doc. 43-13729; Filed, August 23, 1943; 11:56 a. m.]

[Suspension Order Docket No. FDA-NE-65]

PART 1590—SUSPENSION ORDERS

SILVER CROWN ICE CREAM PRODUCTS CORPORATION

The Silver Crown Ice Cream Products Corporation, a corporation organized and existing under the laws of the State of New York, with principal office and place of business at 1122 Southern Boulevard, Bronx, New York, New York (hereinafter referred to as "respondent"), was duly served with a Statement of Charges and Procedure, in which it was alleged that respondent had violated Food Distribution Order 8 (8 F.R. 953), issued by the Secretary of Agriculture on January 19, 1943, and Director Food Distribution Order 8-1 (8 F.R. 1330), issued by the Director of Food Distribution on February 1, 1943, by utilizing, in the allocation periods of February and March 1943, respectively, more milk solids in the production of ice cream than 65 per centum of the total milk solids utilized by it in the production of ice cream during the base periods comprising the months of February and March 1942, respectively. Respondent filed an answer in which it admitted the commission of the violations alleged in the Statement of Charges and in which it set forth certain alleged extenuating circumstances. Respondent also requested a hearing. The secretary of respondent, who is also an agent and an owner of approximately 50 percent of the stock of respondent, executed a sworn statement admitting the probable utilization of milk solids in violation of the said food distribution orders, as alleged in the Statement of Charges. Pursuant to the request made on behalf of respondent, a hearing was held in New York, New York, on June 21, 1943, and on June 28, 1943, before a duly authorized presiding officer. Respondent appeared at the hearing and was represented by counsel. A representative of the War Food Administration also appeared at the hearing. Data and information pertaining to the violations alleged in the Statement of Charges were presented on behalf of the interested parties. The aforesaid secretary of respondent testified at the hearing that the milk solids utilized by respondent in the production of ice cream in February and March 1942 were approximately 1087 pounds and 2840 pounds, respectively, and that the milk solids utilized by respondent in the production of ice cream in February and March 1943 were approximately 1534 pounds and 6142 pounds, respectively.

Upon the basis of the admissions contained in the answer, the sworn statement executed by the agent of respondent, and the data and information pertaining to the alleged violations by respondent adduced at the hearing, the War Food Administrator, acting under authority conferred upon him by Executive Order 9322 (8 F.R. 3807), as amended by Executive Order 9334 (8 F.R. 5423), hereby determines that:

(a) Respondent is a corporation organized and existing under the laws of the State of New York, engaged in the business of processing frozen dairy foods and mix at a plant located at 1122 Southern Boulevard, Bronx, New York, New York, and is subject to all of the terms and provisions of the said food distribution orders.

(b) Respondent violated the said food distribution orders in that, during the allocation period of February 1943, it utilized approximately 1534 pounds of milk solids in the production of ice cream, which constituted approximately 827 pounds, or 217 per centum, in excess of the milk solids respondent was entitled to utilize during such allocation period.

(c) Respondent violated the said food distribution orders in that, during the allocation period of March 1943, it utilized approximately 6142 pounds of milk solids in the production of ice cream, which constituted approximately 4296 pounds, or 333 per centum, in excess of the milk solids respondent was entitled to utilize during such allocation period.

Because of the great scarcity of dairy products, including milk solids and frozen dairy foods and mix, in the channels of distribution for the fulfillment of the requirements of the United States for defense, for private account, and for export, and because of the importance of having dairy products, including milk solids and frozen dairy foods and mix, distributed in a manner to assure an adequate supply and efficient distribution thereof for war and essential civilian needs, the aforesaid violations by respondent have impeded the war effort and have, therefore, been contrary to public interest. It also appears that further violations by respondent are likely unless appropriate action is taken.

It is therefore ordered, That:

§ 1590.4 *Suspension order against the Silver Crown Ice Cream Products Corporation.* (a) Respondent, its agents, successors, or assigns shall not, in any manner, directly or indirectly, (1) utilize milk solids in the production of frozen dairy foods or mix; (2) accept delivery of milk solids or frozen dairy foods or mix from any person; or (3) process or deliver milk solids or frozen dairy foods or mix to any person.

(b) No person shall, in any manner, directly or indirectly, deliver to respondent, its agents, successors, or assigns, or accept delivery from respondent, its agents, successors, or assigns of any milk solids or frozen dairy foods or mix.

(c) Nothing contained in this order shall be deemed to relieve respondent, its agents, successors, or assigns from any restriction, prohibition, or provision contained in any order or regulation of the War Food Administrator, except insofar as the same may be inconsistent with the provisions hereof.

(d) The term "person", as used in this order, means any individual, partnership, association, business trust, corporation, or any organized group of persons, whether incorporated or not.

(e) Any terms used in this order which are defined in Food Distribution Order 8 (8 F.R. 953), issued by the Secretary of Agriculture on January 19, 1943, and made effective on February 1, 1943, shall have the meaning therein given to them, unless otherwise distinctly expressed or manifestly incompatible with the intent thereof.

(f) This order shall become effective 12:01 a. m., e. w. t., September 1, 1943, and unless sooner terminated, shall expire 11:59 p. m., e. w. t., September 30, 1943.

(E.O. 9280, 7 F.R. 10179; E.O. 9322, 8 F.R. 3807; E.O. 9334, 8 F.R. 5423)

Issued this 21st day of August 1943.

MARVIN JONES,
War Food Administrator.

[F. R. Doc. 43-13679; Filed, August 21, 1943; 3:42 p. m.]

Chapter XII—Commodity Credit Corporation

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra.*

TITLE 9—ANIMALS AND ANIMAL PRODUCTS

Chapter II—Food Distribution Administration

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra.*

TITLE 10—ARMY: WAR DEPARTMENT

Chapter VIII—Procurement and Disposal of Equipment and Supplies

[Procurement Regulation 15]

PART 88—TERMINATION OF CONTRACTS

TERMINATION FOR CONVENIENCE OF GOVERNMENT

The following regulations governing the termination of contracts for the convenience of the Government are hereby prescribed.

The regulations in this part are also contained in Procurement Regulation No. 15, as added to the War Department Procurement Regulations dated 5 September 1942 by Supplement No. 22, 14 August 1943.

Some of the cross references contained herein will be inaccurate until changes in Supplement No. 21, 13 August 1943, are published.

In section numbers the figures to the right of the decimal point correspond with the respective paragraph numbers in the procurement regulations.

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AUTHORITY: §§ 88.15-100 to 88.15-947 issued under sec. 5a, National Defense Act, as amended, 41 Stat. 764, 54 Stat. 1225; 10 U.S.C. 1193-1195, and the First War Powers Act 1941, 55 Stat. 838, 50 U.S.C. Sup. 601-622.

POLICY AS TO TERMINATION OF CONTRACTS AND SUPERVISION OF TERMINATION SETTLEMENTS

INTRODUCTION

§ 88.15-100 *Scope of regulation.* The regulations in this part set forth procedure with respect to the termination of contracts, in whole or in part, for the convenience of the Government. They do not cover:

(a) Terminations for default of the contractor either by virtue (1) of rights and powers which the Government may have at common law, or (2) of the right reserved in many Government contracts, usually under an article entitled "Delays-Damages" (see *e. g.* §§ 81.352, 81.1302 (i); see also § 81.379 *et seq.*).

(b) Adjustments under contract articles permitting changes in specifications, quantities, supplies or work to be furnished, delivery instructions, delivery schedules and similar matters (see for example §§ 81.329a, 81.351 (c), 81.1301 (b), 81.1302 (c), 81.1303 (a) (5)).

(c) Adjustment under articles providing for the redetermination, renegotiation or escalation of prices under contracts (see PR 12 (§§ 81.1200-81.1292)).

§ 88.15-101 *Necessity for terminations.* The necessity for the termination of War Department contracts arises from changes in the supply requirements of the armed forces. These changes in requirements normally occur because of strategic changes, development of new projects, invention of new items of war matériel, reallocation of scarce raw materials and other similar factors arising under the changing circumstances of modern war. The changes in military requirements are reflected in the Army Supply Program and the termination or curtailment of outstanding contracts takes place in accordance with the adjustments in the Army Supply Program.

§ 88.15-102 *Decision as to contracts to be terminated.* Although the decision to revise the Army or lend-lease requirements for particular items or classes of items will normally be made by adjustment of general programs, the decision as to the particular contracts to be terminated, curtailed or rescheduled (to carry out such revisions) will ordinarily be made by the chief of the technical service in charge of the procurement of each item in question or by appropriate officers or agencies designated by him to made the decision. In making determinations as to contracts to be terminated or curtailed, the factors listed in § 88.15-103 will be taken into account and considered by the appropriate officer or agency.

§ 88.15-103 *Factors governing revision of existing supply contracts.* (a) A cutback or revision of requirements growing out of changes in the Army Supply Program will normally relate to supplies being produced under several contracts. In each instance, in deciding which contracts to terminate and whether to terminate the whole of certain contracts or to make partial terminations of the contracts held by several concerns, consideration will be given, to the factors comprehended by the broad headings below:

(1) Minimum use of material (see paragraph (b)).

(2) Minimum man-hours (see paragraph (b)).

(3) Status of facilities (see paragraph (c)).

(4) Labor supply areas (see § 81.223 (c) *et seq.*).

(5) Flexibility for revisions—shift operations one form of flexibility (see paragraph (d)).

(6) Extent of subcontracting (see § 81.223 (f) *et seq.*).

(7) Strategic considerations.

(8) Comparative costs of contracts affected.

(9) Engineering background of plants involved.

(10) Possibility and desirability of a horizontal adjustment of all contracts for a particular product.

(11) Probable effect on manufacturers and subcontractors involved.

(12) Possible use of each facility for other war work.

(13) Effect of revision on transportation—minimum use of transportation and cross-haul.

(b) Where adjustments in any program are indicated, particular weight should be given to continuing in operation those facilities employing the minimum amount of material and the minimum number of man-hours to complete like components and like end-products. These considerations alone should not control; each of the other items enumerated should be taken into account, so that the final result reflects evaluation of all factors enumerated.

(c) Where existing facilities are adequate to care for the program projected, consideration should be given to immediate cancellation of incomplete facilities, including machine tools, jigs and fixtures. In individual cases, it may be sound procedure to plan on completing specific facilities even though existing facilities are in balance with current estimates of requirements.

(d) In cutting back facilities, with the background of changing requirements growing out of demands of war, and in the interest of flexibility, consideration should be given in each instance to the desirability of partial multiple shift operations in all or certain plants, in contrast with full shift operations in some plants, to avoid possible resultant abandonment of facilities which would not be otherwise used to good advantage in the war effort.

(e) In cutting back facilities, firms which employ 100 wage-earners or less shall be given preferred consideration, if reasonably efficient in their operations.

§ 88.15-104 *Legal basis for terminations.*[1] The authority to terminate contracts for the convenience of the Government is based upon the general authority and power of the War Department to make contracts and to amend them in the interest of the Government.[1] The right to terminate a contract for the convenience of the Government by unilateral action of the Government ordinarily is reserved in the original contract or inserted therein by supplemental agreement (see § 88.15-107). However, even in the absence of a termination article, a contract may be terminated for the benefit of the Government (see discussion § 88.15-311).

§ 88.15-105 *Contract provisions relating to termination for the convenience of the Government.* (a) During the period of the present war and the defense period immediately prior to the war, the right to terminate contracts in accordance with a termination article has generally been reserved by contract, at least in larger contracts (see *e. g.* §§ 81.324 and 81.350).

(b) The forms of the termination articles included in contracts have changed from time to time. In considering what rights the Government has with respect to the termination of any contract, the termination article in the particular contract should be examined with care. In the interest of obtaining uniformity in termination procedures and of facilitating the settlement and completion of terminated contracts, it has been the policy and practice of the War Department to permit amendments of outstanding contracts to include the latest form of appropriate approved termination article (see § 81.324 (b), (c) as in effect prior to 4 June 1943 and §§ 81.373 and 81.373a as in effect on that date). This liberal policy of amendment is continued by this regulation (PR 15) as stated in § 88.15-107.

(c) Standard forms of termination articles are set forth in the following sections of Procurement Regulations: § 81.324 (Lump Sum Supply Contracts), § 81.324 (a) (Lump Sum Construction Contracts), § 81.1307 (f) (Letter Order for Supplies—no price stated), § 81.1308 (f) (Letter Order for Supplies—price stated), § 81.1309 (f) (Letter Order for Cost-Plus-A-Fixed-Fee Construction), and § 81.1310 (f) (Letter Order for Lump Sum Construction).

[1] The authority to make and amend contracts *by negotiation*, including, of course, all reasonable and appropriate contract provisions, is granted by Public Law 703, 76th Congress, (54 Stat. 712) continued in effect by Public Law 530, 77th Congress (56 Stat. 314), and by the First War Powers Act, 1941, Title II (55 Stat. 839).

§ 88.15–106 *Policy as to termination procedures.* The termination articles presently in use in War Department contracts are designed to permit, on equitable terms, consistently with the protection of the Government's interest, and within a wide range of discretion, the partial or total termination by the Government, for any reason whatsoever, of the contractor's right to proceed with the performance of such contracts. To carry out this general policy of all termination articles, the following major principles must be applied:

(a) *Cessation of work and saving of expenses.* All work related to the contract, whether performed by the prime contractor or by a subcontractor or supplier is to be stopped promptly, except where the contracting officer has determined that in the interest of the Government, some work in process should be completed. This is to prevent (1) further running up of expense to the Government, and (2) waste of labor and materials (see § 88.15–321 *et seq.*).

(b) *Disposition of property.* So far as permitted by the terminated contract, property acquired for the performance of the contract is to be disposed of with reasonable dispatch, as advantageously as is reasonably possible and in a manner which makes such property available for other productive use at the earliest possible moment (see § 88.15–350). Property not disposed of is to be transferred to the Government.

(c) *Payments to contractor.* The contractor is to receive fair and reasonable compensation for the work performed and for the supplies and articles furnished under the terminated contracts, consistently with the provisions of the applicable contract article relating to termination.

(d) *Promptness of payment.* Amounts owing to contractors, by reason of termination are to be paid promptly and without administrative delay.

(e) *Accounting investigation.* Intelligent reviews are to be made of the requests of contractors for payments in connection with termination to verify their accuracy and propriety (see § 88.15–420 *et. seq.*). To avoid delays and because of shortages of accounting personnel, detailed auditing will be reduced to a minimum consistent with the protection of the Government's interests.

(f) *Partial payments.* Full use must be made of the provisions of termination articles relating to partial payments, so that all amounts, which are clearly due to prime contractors and, through them, to their subcontractors and suppliers, will be paid at the earliest possible moment (see § 88.15–500 *et seq.*)

(g) *Liquidation of advance payments and guaranteed loans.* Advance payments and guaranteed loans (which are existing or potential charges against the funds allocated to terminated or curtailed contracts) will be liquidated in an orderly manner; affording, so far as reasonably possible, protection to the contractor's financial structure so that the contractor and financing institutions cooperating in the financing of War Department procurement will be protected to the extent compatible with the Government's interest and that a multiplicity of calls by financing institutions upon the War Department to take up guarantees of loans will be avoided (see § 88.15–506 (a)).

(h) *Settlements with subcontractors.* Prime contractors must be pressed to effect prompt, fair and reasonable settlements of their outstanding commitments to subcontractors and suppliers and pass on to them a reasonable share of partial payments on account of terminations (see §§ 88.15–325, 88.15–500 *et seq.*, 88.15–654).

(i) *Partial terminations.* Where contractors are directed to reduce production by partial terminations, equitable adjustments of costs will be made consistently with the applicable contract articles or with an appropriate and equitable supplemental agreement (see § 81.306 (c) and following paragraphs) in the event that the change causes an increase in the contractor's costs.

§ 88.15–107 *Amendments of contracts to insert standard termination provisions.* In order to facilitate prompt settlement of contracts and to encourage uniformity of procedure, amendments of contracts to insert standard termination articles currently in use will be encouraged. The chiefs of the technical services are authorized to make such amendments in accordance with paragraphs (a) to (c) of this section.

(a) *Lump sum contracts.* The chief of any technical service, (see §§ 88.15–150 (a), 88.15–206) without approval of higher authority, may amend any lump sum contract, even after the giving of notice of termination, to insert therein the standard termination articles set forth in § 81.324 (lump sum supply contracts) and § 81.324 (a) (lump sum construction contracts), whichever is appropriate in the particular case. Such amendments will take place wherever possible prior to giving formal notice of termination.

(b) *Letters of intent, letter contracts and letter orders.* (1) The standard termination provisions for inclusion in letter orders (see § 81.303a) are referred to in § 88.15–105 (c). As to letters of intent, provisions conforming as nearly as may be to the provisions for letter orders referred to in § 88.15–105 (c) shall be regarded for purposes of this regulation (PR 15) as standard termination provisions. As used in this regulation and in §§ 81.303a and 81.303a (a) of procurement regulations, the term "letter order" includes instruments of the type hitherto sometimes referred to as letter contracts or letter purchase orders.

(2) The chiefs of the several technical services, in their discretion and without the approval of higher authority, are hereby authorized by supplemental agreement to amend any letter of intent or letter order to include therein the substance of the appropriate standard termination provisions, other than those provisions which permit an allowance of profit (except that the unit price may be paid for completed articles if the terminated instrument specifies a unit price). Wherever possible, such amendments will be made prior to the giving of notice of termination. However, the chiefs of the several technical services are authorized to make such amendments even after the giving of a termination notice where, through inadvertence or other circumstances an earlier amendment has been neglected or could not be obtained.

(3) Amendment, of any type other than that authorized in subparagraph (2) of this paragraph (and other than the executnon of a definitive contract), of the termination provisions of a letter of intent or letter order, whether effected before or after the giving of a notice of termination, will be made only with the approval of the Director, Purchases Division, Headquarters, Army Service Forces.

(4) Amendments pursuant to this paragraph should not be utilized to delay in any manner whatsoever the execution of a definitive contract (see § 81.303a).

(c) *Standard termination articles and provisions furnish expeditious method of termination settlement.* The provisions of the articles set forth in §§ 81.324 and 81.324 (a) (with respect to lump sum contracts) and the standard termination provisions for letters of intent, and letter orders (with respect to such letters of intent and letter orders) provide expeditious methods of settlement of the amounts due by reason of the termination of contracts, letters of intent and letter orders, as the case may be, for the convenience of the Government. Their use (1) will reduce expense, expenditure of time, auditing difficulties and administrative inconvenience both for the Government and for the contractor, and (2) help to eliminate the obstacles to procurement which arise from the apprehension, frequently expressed by contractors, that there will be long delays in the making of settlements in the event of the termination of contractual instruments for the convenience of the Government (including any such terminations which may take place as the result of the conclusion of hostilities). Use of such standard articles and provisions will also assist materially in enabling contractors affected by terminations to undertake other war work or other productive enterprise at an early date, in a manner consistent with the public interest. Accordingly, pursuant to the First War Powers Act, 1941, and Executive Order No. 9001, authority is delegated to the chiefs of the several technical services to make amendments consistently with the provisions of paragraphs (a) and (b) of this section. It is determined that the making of such amendments will facilitate the prosecution of the war. The chiefs of the technical services will be liberal in permitting and agreeing to such amendments. Each such amendment will recite that it is made pursuant to the First War Powers Act, 1941, and Executive Order No. 9001.

§ 88.15–108 *Importance of uniform procedures.* Uniformity of procedures will facilitate the prompt settlement of contracts. If the contractors, many of whom deal with more than one technical service, can use substantially the same

methods in terminating contracts with each service, they will be able to set up their own internal arrangements for this work on a more efficient basis. Uniformity will also make possible the concentration of procurement and auditing personnel in any part of the War Department where termination work may be heavy at any given time, with assurance that similar methods will be in force throughout the department. It is, of course, important, as a matter of common justice and sound public relations, that contractors receive equal and uniform treatment and that procedures and policies be equitably and evenly applied. For this reason, these regulations have been developed on a basis which, so far as practicable, is generally consistent with the termination procedures outlined in contract articles employed by other procurement agencies. The chiefs of the technical services will take steps to see that termination methods are employed in their respective services which carry out the policy of uniformity stated in this section (see § 88.15–207).

§ 88.15–109 *War Department Termination Accounting Manual for fixed price supply contracts.* The Office of the Fiscal Director, Headquarters, Army Service Forces, has prepared and published a Termination Accounting Manual for Fixed Price Supply Contracts (herein called the Termination Accounting Manual and usually cited as "T. A. M.") prescribed for use by accounting personnel of all agencies of the War Department in connection with the accounting review or examination of settlements proposed by contractors and subcontractors for negotiation in connection with the termination of lump sum supply contracts. It is also applicable to accounting reviews of settlements proposed in connection with the termination of fixed price supply subcontracts under cost-plus-a-fixed-fee prime supply contracts. The Termination Accounting Manual (see T. A. M. introduction and paragraphs 1101 and 1103) is not directed to Contracting Officers (although they should be familiar with it) but is designed to give to Government accounting personnel accounting and auditing instructions consistent with procurement regulations applicable to the subject of terminations. In the event of revisions in procurement regulations, it is planned that appropriate revisions will be made in the Termination Audit Manual. In all matters covered by this regulation (PR 15) provisions of this regulation are controlling and will be followed by contracting officers. The reports and procedures set forth in the Termination Accounting Manual will not limit or affect the ultimate legal authority of the contracting officer to effect negotiated settlements in connection with terminations.

§ 88.15–110 *Importance of understanding by contractors of principles applicable to termination.* It is important that war contractors, subcontractors and suppliers be familiar with the procedures and principles applicable to terminations for the convenience of the Government. To assist in this understanding, copies of this regulation (PR 15) and of the Termination Accounting Manual for Lump Sum Supply Contracts (see § 88.15–109) may be made available to such contractors, subcontractors and suppliers. Contracting officers will take all necessary steps to see that contractors are assisted in familiarizing themselves with the procedures outlined in this regulation. It is particularly important that these contractors, subcontractors and suppliers understand:

(a) The significance of the termination articles in their respective contracts.

(b) The necessity of keeping accounting and other records in such manner and in such detail, and of maintaining such adequate cost accounting systems, as will enable them to produce the cost and other figures necessary to prove their rights under the termination articles in the event of termination.

§ 88.15–111 *Method of discussion in this regulation.* All terminations for the convenience of the Government, under any type of contract, involve the same general problems (see §§ 88.15–106 and 88.15–300 (a). In this regulation (PR 15) these problems are first discussed in detail as they arise in the settlement of lump sum supply contracts (§ 88.15–300 and following sections) terminated under the standard form of termination article for such contracts (§ 81.324). The variations from the procedures under lump sum supply contract terminations necessary with respect to terminations of other types of contracts are then discussed as follows:

(a) Lump sum construction contracts, § 88.15–600 *et seq.*

(b) Cost-plus-a-fixed-fee contracts, § 88.15–650 *et seq.*

(c) Letters of intent and other temporary contractual instruments, § 88.15–700 *et seq.*

DEFINITIONS

§ 88.15–150 *Definitions.* The following terms as used in this regulation (PR 15) shall have the following meanings.

(a) The term "Chief of a technical service" includes the chief of any one of the technical services of the Army Service Forces, the Commanding General, Army Air Forces, and the Commanding General of any Service Command (see §§ 81.108 (d) and (e), 88.15–206 and 88.15–220).

(b) "Common item" means raw materials, parts and other supplies (whether partially or completely processed) which are normally usable not only in connection with the terminated contract but also on or in connection with other work being performed by a contractor or subcontractor.

(c) "Continued portion of contract" means that portion of a terminated contract not already completed which, in accordance with a notice of termination, the contractor must continue to perform.

(d) "Contracting officer" means the officer or employee who signs a contract on behalf of the Government and includes a duly appointed successor or authorized representative of such a contracting officer, all as set out in § 81.302 (c). The term shall have the same breadth of meaning as in paragraph (c) of § 81.302.

(e) The term "contractor" means the holder of a prime contract with the United States.

(f) "Other work" means all work being handled by a particular contractor or subcontractor other than that related to the particular terminated contract or subcontract under discussion and includes both other Government and non-Government business.

(g) "Subcontract" includes any purchase order or agreement to perform all or any part of the work or to make or furnish any article required for the performance of another contract or subcontract. The term "article" includes any material, part, assembly, machinery, equipment or other personal property.

(h) The term "subcontractor" means the holder of a subcontract.

(i) "Termination" means the discontinuance by the Government for its convenience of a contractor's right to proceed with the performance of the whole or any part of a contract with the United States. The term does not include a situation where a reduction in quantities is made and wholly compensatory increased unit prices are granted for the balance of the contract through an appropriate adjustment (see T.A.M. 1117.1).

(j) "Uncompleted portion of the contract", when the term is used with respect to a terminated lump-sum supply contract, means that portion of the contract which does not relate either (1) to completed supplies called for by the contract or (2) to any continued portion (see § 88.15–150 (c)) of the contract.

ORGANIZATION AND RESPONSIBILITY FOR TERMINATIONS

§ 88.15–200 *Policy and staff supervision of terminations.* (See following sections.)

§ 88.15–201 *Policy with respect to terminations.* The duty of coordinating policy with respect to terminations has been placed by the Under Secretary of War in the Chief, Contract Termination Branch, Purchases Division, Headquarters, Army Service Forces, reporting to the Director, Purchases Division, (and through him to the Director of Matériel) in matters relating to the Army Service Forces, and to the Special Representative of the Under Secretary of War (§ 81.107 (g)) in matters relating to the Army Air Forces.

§ 88.15–202 *Staff supervision.* Staff supervision of terminations in the Army Service Forces is assigned to the Director of Matériel who will coordinate the activities of all headquarters staff divisions relating to this subject through the Contract Termination Branch, Purchases Division. With respect to the Army Air Forces, staff supervision of terminations is vested in the Commanding General, Army Air Forces who acts with respect to such matters through the Assistant Chief of Staff for Air; Matériel, Maintenance and Distribution.

§ 88.15–203 *Policy of decentralization.* It is the policy of the War Department

to decentralize to the chiefs of the several technical services administration of contract terminations as fully as possible. The extent to which they in turn will decentralize such administration is left to each chief of a technical service (see § 88.15–150 (a)) for his determination subject to the provisions of this regulation (PR 15) as from time to time in force.

§ 88.15–204 *Legal authority to terminate.* Authority to terminate any War Department contract, under his administration, consistently with the provisions of this regulation (PR 15) is delegated to the chief of each technical service, regardless of the amount of such contract, and without the approval of higher authority. Such power may be exercised even though the contract expressly states that the approval of the Secretary of War is required for such termination.

§ 88.15–205 *Negotiation of settlement of terminated contract.* The authority to terminate contracts granted by § 88.15–204 includes the authority:

(a) To enter into supplemental agreements relating to the terminated contracts consistently with this regulating (PR 15) and with other applicable regulations and

(b) To make agreements settling the whole or any part of the amount due on any terminated contract when and to the extent that such agreements are authorized by the terminated contract itself or are otherwise authorized by this regulation (PR 15).

§ 88.15–206 *Redelegation of authority.* The chief of each technical service may redelegate any authority, power, or discretion granted to him by this regulation (PR 15) with or without power of redelegation, except where action is explicitly required to be by the chief of the technical service himself or by the settlement review committee designated by him (see §§ 88.15–220, 88.15–311 (d) and 88.15–535). Except as otherwise provided in the preceding sentence, references in this regulation (PR 15) to the chief of any technical service shall be deemed to include any duly authorized representative.

§ 88.15–207 *Procedures.* The chief of each technical service, subject to the policy declared in § 88.15–108, may prescribe procedures for his service consistent with the principles declared in this regulation and in other procurement regulations, to expedite the settlement of the amounts due to prime contractors and subcontractors by reason of the termination of contracts, to provide for efficient supervision of partial payments on account of amounts due in connection with terminations, to secure the prompt filing of settlement proposals, inventories and other documents by prime contractors, both in their own behalf and in behalf of subcontractors, and to insure that disposal of property in connection with terminations proceeds rapidly, efficiently and in a manner consistent with the best interests of the Government.

§ 88.15–208 *Authority to vary procedures.* The chief of each technical service, consistently with the general policy of this regulation (PR 15) and with the policy stated in § 88.15–106, may authorize variations from the procedures herein prescribed in any case or class of cases, unless in his opinion such variation involves a matter of policy which should be considered and passed upon by higher authority. In determining whether a matter of policy should be considered and passed upon by higher authority, consideration shall be given by the chief of the technical service to the following factors:

(a) Whether there is involved a conflict with a policy theretofore approved by higher authority;

(b) Whether there is involved a decision on an important question of policy which has not theretofore been passed upon by higher authority;

(c) Whether there is involved a decision on any matter in which uniformity among the several technical services is especially desirable;

(d) Whether there is involved a decision on an important or doubtful question of law, cost interpretation, accounting practice or fiscal policy;

(e) Where deviation from the procedures herein prescribed will tend to set a precedent which may be undesirable in other cases.

In any case where a substantial deviation from the general policies prescribed in this regulation (PR 15) is involved, such deviation may be made only with the approval of the Director, Purchases Division, Headquarters, Army Service Forces, who will obtain any appropriate concurrences of other Headquarters staff divisions, where in his judgment such concurrences are desirable.

§ 88.15–209 *Deviations from prescribed contract articles relating to termination.* No deviations from the form of a prescribed contract article relating to termination (see §§ 81.324, 81.324 (a), and 81.350) will be made without the approval of the Director, Purchases Division, Headquarters, Army Service Forces, or the Chief Counsel or Chief, Legal Branch, of that Division.

§ 88.15–220 *Provisions for review of termination settlement agreements.* (a) The chief of each technical service will designate for the assistance of each contracting officer engaged in the termination of contracts, a group of three or more responsible officers or civilian employees of the War Department to serve as a settlement advisory section. Such section need not be assigned to the same office or station as such contracting officer but may perform advisory duties for contracting officers at one or more separate offices or stations. The duties of such section may be placed with the members of a board or section already in existence or already charged with other duties. The contracting officer himself will not be a member of such advisory section or appoint any such member. Each proposed settlement agreement (in connection with a termination for the convenience of the the Government) involving the payment of more than $5,000 (excluding amounts payable for completed items or work at the contract price and before deduction of disposal credits, see § 88.15–447) will be examined by such advisory section prior to the execution of the settlement agreement by the contracting officer (see § 88.15–536). The settlement advisory section will submit to the contracting officer a written recommendation with respect to each such proposed settlement. The functions of the settlement advisory section shall be advisory only, except to the extent that the chief of the technical service concerned may prescribe otherwise. In the event that the contracting officer does not accept the advice of a majority of the settlement advisory section he should preserve a written memorandum of his reasons for not doing so.

(b) Except as provided in paragraph (e), the chief of each technical service will designate in his own office a settlement review committee consisting of at least three responsible officers or civilian employees of the War Department, (1) to review the policies and practices in such technical service with respect to the termination of contracts, (2) to act in behalf of the chief of the technical service in carrying out such functions with respect to expediting and reviewing settlements of terminated contracts as the chief of the technical service may prescribe, and (3) to conduct the reviews mentioned in paragraph (c) of this section.

One member of such committee shall be designated as chairman and shall exercise administrative direction over the action of the committee. In reviewing settlements the committee shall act by a majority vote.

(c) Each settlement agreement or partial payment on account of a termination settlement involving in any instance the payment of more than $1,000,000 (excluding amounts payable for completed supplies or work at the contract price and before deduction of disposal credits) will be reported (after the review by the appropriate settlement advisory section required by paragraph (a) above) to the settlement review committee of the technical service prior to the execution of the settlement agreement or the making of the payment in question, together with an adequate statement of the basis upon which such settlement or partial payment is proposed. The settlement review committee will review such proposed settlement or partial payment and will promptly notify the contracting officer in charge of the terminated contract, in writing, whether or not further examination of the facts of the particular proposed settlement or partial payment is desired by the committee. If no such further examination is desired the contracting officer may proceed forthwith to execute such settlement agreement or to make such partial payment. He shall not execute any such agreement or make any such partial payment prior to receipt of such notice. No settlement agreement need be submitted for the review of the settlement review committee unless and until it has been executed by the contractor. However, to the extent that the chief of each technical service may permit, any settlement review committee may be asked by a contracting officer for advice with respect to any proposed settlement agreement or payment. In addi-

tion to the reviews required by this § 88.15–220 the chief of each technical service may require such further reviews by the settlement review committee of proposed settlement agreements or payments, as he in his discretion may deem advisable. He also may require, to such extent as he deems proper, that termination settlement agreements be submitted to such settlement review committee for examination after they have been executed and carried out so that the committee may take appropriate steps to call to the attention of the contracting officer variations from established policies with respect to termination settlements with a view to the preservation of uniformity of administration thereafter. No settlement of which a majority of the settlement review committee express disapproval in writing shall be executed by the contracting officer without the express written approval of the chief of the technical service acting personally.

(d) A copy (1) of each settlement agreement providing for a payment in excess of $5,000,000 (excluding payments for completed items or work of the contract price and before deduction of disposal credits) and, (2) of an adequate statement of the basis upon which such settlement was made will be furnished, after the same has been executed, to the Director, Purchases Division, Headquarters, Army Service Forces.

(e) The Commanding General, Army Air Forces, instead of establishing such settlement review group in his own office may establish one or more such groups in any apropriate office or agency under his command, in such manner as he deems appropriate to carry out the purposes of this § 88.15–220.

§ 88.15–221 *Personnel and services in termination offices.* The chief of each technical service should provide, so far as possible, in each contracting office, district office, or area office which is given final authority with respect to termination settlements, adequate and competent technical, legal, accounting and other personnel to protect the interests of the Government.

§ 88.15–222 *Review and records.* The chief of each technical service will make periodic checks of the progress of terminations and the settlement thereof, to insure that no unreasonable delays occur. He will require that adequate records of the progress of terminations and of all significant actions relating to termination be maintained (see § 88.15–800).

PROCEDURES RELATING TO TERMINATION OF LUMP SUM SUPPLY CONTRACTS

§ 88.15–300 *Introductory.* The discussion in §§ 88.15–300 to 88.15–561 relates primarily to the termination of lump sum supply contracts. However, the procedures herein discussed are in many instances equally applicable to lump sum construction contracts and to cost-plus-a-fixed-fee contracts (to the extent indicated in the discussion of those types of contract) (see §§ 88.15–600 *et seq.*, and 88.15–650 *et seq.*). In some instances, particularly in the termination of contracts for standard supplies and ordinary commercial articles, the procedures outlined in this section may be in part unnecessary. In such instances, in accordance with the policies set out in § 88.15–208 the chiefs of the several technical services are authorized to modify such procedures appropriately by general regulation or to permit deviations to specific cases. Each such general regulation will be reported in writing to the Contract Termination Branch, Purchases Division, Headquarters, Army Service Forces.

(a) The discussion in §§ 88.15–300 to 88.15–561 deals with the principal termination problems in the order in which they normally occur chronologically in the course of a termination settlement. In general the principal subjects of discussion are:

(1) Action to be taken prior to service of a termination notice.

(2) The service of a notice of termination and action related thereto.

(3) Obtaining an inventory of the property acquired for the terminated contracts and its disposition.

(4) Obtaining cost statements and proposals for settlements from contractors and subcontractors, and reviewing them.

(5) Interim financing and partial payments.

(6) Negotiation of settlement.

ACTION TO BE TAKEN PRIOR TO SERVICE OF TERMINATION NOTICE

§ 88.15–301 *Direction to terminate.* Termination in whole or in part of any contractual instruments, including lump sum supply contracts, will be effected only upon prior authorization of the chief of the technical service involved (see § 88.15–206).

§ 88.15–302 *Consideration of factors affecting particular terminations.* Before a particular contract is terminated, reasonable consideration of the factors mentioned in § 88.15–103 *et seq.*, so far as relevant, should be given by the appropriate echelon of the technical service.

§ 88.15–303 *Possibility of avoiding termination charges.* In many instances it will be possible, by careful study of a general program of curtailment of production, to terminate contracts in a manner which will wholly eliminate or greatly reduce termination charges of contractors. This study should be conducted rapidly and should not delay termination, once it has been decided to terminate a particular contract. However, by pursuing a policy, in appropriate cases, of reporting the availability of the facilities of the contractor to other technical services and to the appropriate industry divisions of the War Production Board, all possibilities of placing new contracts with the contractor can be developed. Where such new contracts are placed with the contractor, frequently, the loss to the contractor and the expense to the Government arising from termination may be avoided in whole or in part. In general, in connection with terminations, effort will be made to avoid financial hardship to contractors and to preserve the potential productive ability of such contractors and subcontractors as going concerns even though in the light of immediate production needs, their facilities are not needed.

§ 88.15–304 *Study of proposed termination by Government personnel prior to giving termination notice.* Prior to exercising the Government's right to terminate any type of contract for the convenience of the Government, it is important that preliminary study be given to make certain that the notice of termination orders discontinuance or changes in the future performance by the contractor only to the extent which is in the best interests of the Government. In any case, careful planning prior to issuing the termination notice will greatly simplify later work in connection with the termination settlement, will avoid confusion and expense to the contractor and to the Government and will tend to expedite settlement.

§ 88.15–305 *Field office study.* In some cases a complete analysis of the effect of a particular proposed termination cannot be made in the office of the chief of the technical service concerned. In such cases, it is important that the situation be appraised in the field establishment in charge of the administration of the particular contract. In proper cases, the field establishment should not hesitate to ask reconsideration of the proposed termination where such action is considered unwise.

§ 88.15–306 *Determination of scope of proposed termination.* (a) It is important that the requirements for subassemblies and maintenance parts as well as completed end products be carefully reviewed before termination of any particular contract takes place. An effort should be made to anticipate (within the limits of the Army Supply Program) the reasonable prospective needs of the War Department (including requirements of spare parts for units in service or to be completed) for specific items included in the end product covered by a contract about to be terminated and to permit the completion of those parts or items. Similar consideration should be given to such needs in determining how to dispose of work in process or parts on hand (see § 88.15–361).

(b) In determining the point at which a contract is to be terminated, consideration will be given to the actual status of production of end products and components, so as to avoid, as far as possible, uneconomical waste of useful materials. In some instances it may be wiser to permit some further processing to get a useable end product or component, rather than to halt production immediately at a stage when work in process is useful only for junk. In general, however, once the decision to terminate a contract has been made, no further work on an end item or part should be permitted unless there is a reasonably ascertainable use for it, or opportunity to dispose of, the item or part, if completed. Any other course involves a waste of material and labor. In the absence of specific instructions from the chief of the technical service to

the contrary, decision on this question will be made by the contracting officer in accordance with his sound judgment in the light of the factors mentioned above, as to how the War Department procurement program will best be served.

(c) Government inspectors, plant agents, expediters and others who have been concerned in the plants of the contractors and subcontractors with the administration of the terminated contract will ordinarily be in possession of first hand information as to the status of production under the contract, production methods, and other details. These readily available sources of information should be utilized by the contracting officer in obtaining information as to the contract.

§ 88.15–310 *Amendments to insert provisions for negotiated settlement.* (a) Whenever it is proposed or contemplated that a lump sum supply contract which contains a termination article be wholly or partially terminated, the contract will be scrutinized by the contracting officer to determine whether it contains the standard termination article for use in lump sum supply contracts (§ 81.324) which provides for a negotiated settlement of the amount due with respect to the uncompleted portion of the terminated contract and certain other important provisions not in earlier forms of the termination article.[1]

(b) Where the termination article does not conform to § 81.324, the contracting officer, prior to serving the notice of termination, will attempt to amend such contract to include the standard article by supplemental agreement. The assent of all sureties and guarantors, if any, to each such supplemental agreement should be obtained. A form of appropriate supplemental agreement is set out in § 88.15–926. Such amendments are permitted at the times and under the conditions set forth in § 88.15–107. However, emphasis is placed upon the fact that such amendments wherever reasonably possible should be completed prior to the giving of a formal notice of termination.

(c) If such an amendment can be effected, termination will take place pursuant to the standard termination article.

(d) If no such amendment can be effected, settlement will be made pursuant to the termination article in fact in the contract.

(e) If at any stage of the settlement procedure, the contracting officer and the contractor reach an agreement as to a negotiated settlement of the amount payable on account of a contract which does not then contain a standard termination article, an amendment may then be made to embody the standard termination article in the contract by supplemental agreement. Thereafter and by separate supplemental agreement the settlement which has been reached may be concluded.

§ 88.15–311 *Settlement of contracts containing no termination article.* (a) Contracts containing no termination article may be terminated and finally settled by supplemental agreement where such termination is to the interest of the Government.

(b) Usually it will be desirable to provide for stopping work on such contracts well in advance of making a settlement. In such cases the contracting officer will attempt to amend the contract by supplemental agreement with the contractor so as to include in the contract the standard termination article for use in the type of contract involved (*e. g.* § 81.324). Once the amendment to include such an article is made, any termination may proceed in accordance with its provisions.

(c) If the contractor will not agree to include a standard termination article in the contract by amendment, the chief of any technical service, without the approval of higher authority, may make an agreement for the discontinuance of performance and settlement of such a contract, or provide for its settlement by reason of such termination, in such form as he may deem for the best interests of the Government.

(d) If no satisfactory agreement for the termination of such a contract can be made, the chief of the technical service concerned, acting personally or through the settlement review committee designated pursuant to § 88.15–220 (b), may authorize the contracting officer to order the contractor to discontinue further performance. Where speed is essential such authority may be granted by teletype or telegraph. The contractor may thereafter present his claim, if any, for damages arising out of this order, to the General Accounting Office or to the courts for settlement. Where such action is taken special care will be taken to record and preserve the circumstances and reasons leading to such action, together with a statement of the grounds on which it was determined that such action was in the interests of the Government. It is not consistent with War Department policy for the Government to commit breaches of contract and such action will be taken only in unusual cases and where all other reasonable efforts to prevent the incurring of unnecessary expense for the Government have been exhausted. In any such case, even after the issuance of the order to stop performance, if the contractor is willing to agree to terminate the contract and to make a reasonable settlement thereof, such a settlement agreement (subject to the provisions of § 81.308g may be made in the manner permitted by paragraph (c) of this section.

§ 88.15–312 *Conference with contractor prior to notice of termination.* In some cases the complexity of the proposed termination or other factors may make desirable a conference with the contractor prior to the service of the notice of termination. Whether such a conference will be held is solely in the discretion of the contracting officer. In such a conference, if held, the following points should be discussed:

(a) Appropriate effective date of termination notice;

(b) Work in process which may advantageously be completed;

(c) Status of performance of prime contract, subcontracts and unfilled purchase orders, with a view to determining which, if any, subcontracts and purchase orders appropriately should be retained and completed;

(d) Financial problems of the contractor and subcontractors which may arise in connection with the termination;

(e) Problems of labor relations and unemployment which may be created (see §§ 88.15–104, 88.15–324, *et seq.*)

(f) Procedures to be followed by the contractor upon the effective date of the termination.

The effective date of the termination will be determined in the light of the considerations mentioned in § 88.15–306 (b).

As a matter of sound public relations the necessity for the termination should be explained as fully as possible.

In deciding whether to hold such a conference the following considerations should be taken into account:

(1) Whether such a conference is necessary to obtain information needed in the preparation of the termination notice or required in deciding the extent of a partial termination;

(2) The risk that the contractor may take action prior to the effective date of termination, which may unnecessarily increase the termination charges to the Government.

(3) The possibility that, because of the importance of the particular contract to the contractor, or for other similar reasons, such a conference (i) will enable the contractor to arrange his

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[1] This contract article, as from time to time revised, originally appeared as Article 14 of Supply Contract Form No. 1 (approved Sept. 1941). Since July 1, 1942, it has appeared at all times in § 81.324. It was revised late in 1942, principally as follows:

(1) A provision explicitly permitting a *negotiated* settlement of the amount due with respect to the *uncompleted* portion of the contract by reason of the termination was inserted (see par. (c) of the termination article).

(2) Sales of property, title to which the Government might require to be transferred to it upon the termination, were expressly permitted. This involved the addition of the last two sentences of paragraph (a) of the termination article as presently printed in (§ 81.324).

(3) A *negotiated* settlement of the amount due (a) for protecting Government property after the date of the termination and (b) for other settlement expenses was expressly permitted by an amendment of paragraph (e) of the termination article.

(4) Partial payments on account of amounts due under the termination article were permitted by the addition of paragraph (i).

(5) Termination under the provisions of the termination article (rather than for default) was made mandatory in the case of certain terminations at the end of hostilities. This provision is now found in paragraph (l) of the article and is discussed in § 88.15–316.

At the same time similar changes were made in the standard termination article for lump sum construction contracts (§ 81.324 (a)).

affairs in advance of formal termination, or (ii) is otherwise expedient as a matter of sound public relations.

§ 88.15–313 *Preparation of termination notice.* The termination notice for a lump sum supply contract containing a standard termination article (§ 81.324) will be in substantially the form set out in § 88.15–912 (a).[1] In any case or class of cases in which the chief of the technical service concerned shall determine that any portion of the form of notice in § 88.15–912 (a) is unnecessary or inappropriate, such portion may be varied or omitted. There shall be included in any such notice a statement of:

(a) The effective date of the termination notice which should not be earlier than the date of delivery of the notice to the address of the contractor;

(b) The performance to be discontinued;

(c) In the event of a partial termination, any portions of the contract which are to be continued, unless this clearly appears from the statement required by paragraph (b) of this section;

(d) Any subcontracts or purchase orders which are not to be cancelled;

(e) Any special directions as to the protection of Government property in the custody of the contractor;

(f) Any limitations upon the authority of the contractor to retain property acquired for the contract for the cost of which he is willing to refrain from seeking reimbursement (see §§ 88.15–353 to 88.15–354).

(g) Any directions, which then can be given, with respect to the sale or retention by the contractor or the transfer to the Government of property acquired for the contract. (Instructions for transfer of title to the Government should be given only in rare instances where it is known that the Government for some special reason wishes to acquire such property.)[2]

§ 88.15–314 *Preparations for furnishing contractor with detailed instructions.* So far as practicable, preparations should be made in advance of the service of the termination notice, for furnishing to the contractor detailed instructions as to the course of action to be followed by him immediately upon receipt of the termination notice. A form of standard instructions to contractors is set out in §88.15–936. A copy of these instructions in every case should be furnished to the contractor with the termination notice, modified or supplemented to the extent deemed necessary by the contracting officer in any particular case. The language of the form of instructions set out in §88.15–936 is based upon a study of various forms hitherto in use. In the interest of uniformity of procedure, that language should not be varied except for substantial reasons arising in particular cases.

§ 88.15–315 *Suspensions of performance undesirable.* (a) Contracting officers will avoid suspending performance of contracts by contractors while attempting to decide whether to terminate a particular contract. Although, occasionally it may be justifiable to request a contractor to suspend performance because of a possible termination, experience has shown that this course results in confusion to the contractor, increased costs to the Government, and disorganization of the contractor's working forces and operations. In any case where this course is pursued the following policies are suggested:

(1) The nature of the suspension should be discussed with the contractor and the terms upon which the suspension is to be made should be determined and reduced to writing. The contractor is entitled to written instructions from the contracting officer and the contracting officer should have the agreement of the contractor to the terms of the suspension.

(2) The suspension should be limited in time. Delay in effecting a decision as to termination should not occur.

(3) The contracting officer should not request a suspension unless he is sure that the resulting cost to the Government will be materially less than either (i) allowing performance of the contract to continue, or (ii) effecting immediate termination.

(b) A suspension should not be continued beyond a very limited period unless the contractor is offered an appropriate supplemental agreement formally modifying the delivery schedule in the contract and providing for the payment of any additional costs caused by the suspension. In any event, whether the contract is reinstated or terminated, the reasonable costs of the contractor caused by the suspension should be paid either pursuant to an appropriate supplemental agreement or as a part of the termination settlement.

(c) In some instances, while working out with the contractor appropriate preliminary arrangements for a termination which has definitely been decided upon, a short suspension may be arranged by letter, conference or telegram (see form set out in § 88.15–911). The method should not be pursued except where it is certain that the contract will be terminated in whole or in part in the manner stated in the notice of suspension and is designed merely to afford an opportunity to make appropriate arrangements with the contractor prior to giving formal notice of termination (see *e. g.* §§ 88.15–310, 88.15–312).

§ 88.15–316 *Terminations at the end of hostilities.* In November, 1942, special provisions were included in paragraph (1) in each of the standard termination articles for lump sum contracts (§ 81.324) dealing with the problem of terminations taking place at the end of the present hostilities. A substantial number of contractors had expressed fear that, at the end of the war because the supplies or work called for by their contracts were no longer necessary, the Government would take occasion to terminate the contracts for trivial or purely technical defaults rather than under the equitable provisions of the contract articles governing termination for the convenience of the Government. It was determined (a) that war procurement would be assisted by relieving the fears of contractors as to this point at once, and (b) that the Government, in equity and good conscience, should not at the end of the war take advantage of purely technical defaults to reduce its liability to contractors, in any cases where such defaults would not have caused termination for default during the war. Accordingly, the contract article was revised to provide that termination of lump sum contracts, as a part of the general termination of war contracts at the time of the cessation of the present hostilities, would take place under the article set forth in § 81.324, as provided in paragraph (1) of those articles, even if the contract could then be terminated under any contract article relating to "Delays-Damages" (see *e. g.* § 81.352 and Art. 9 in § 81.1302) by reason of the default of the contractor, unless the contracting officer should find that such defaults had been (1) gross or willful, and (2) had caused substantial damage to the Government. The second sentence of paragraph (1) does not in any way affect or relate to the termination of contracts during the war or, indeed, any terminations except those which may take place as a part of the general termination of contracts at or about the end of the present war.

§ 88.15–317 *Terminations where there have been defaults.* The regulations with respect to terminations for default are set forth in §§ 81.379 and 81.380. Attention is directed to the authority given by § 81.379 to terminate a contract, in such instances, under any contract article providing for termination for the convenience of the Government, when the defaults of the contractor have not been gross or willful and have not caused substantial injury to the Government, if the contracting officer shall find that the use of that termination article will facilitate the prosecution of the war.

SERVICE OF TERMINATION NOTICE AND ACTION CONNECTED THEREWITH

§ 88.15–320 *Service of termination notice.* In all instances, the termination notice (see §§ 88.15–313, 88.15–911 to 88.15–912) should be served in written form, preferably by delivery by hand, registered mail or telegram. Where the notice of termination is sent by telegram, a letter of confirmation should be transmitted. Appropriate record of the fact of service should be made. Copies of the notice of termination should be sent to any assignee guarantor or surety of the contractor with respect to the terminated contract. The obligation of the contractor to continue performance (except

[1] The same form of notice with modifications noted in § 88.15–912 (a) is appropriate for use in terminating lump sum construction contracts which contain a contract article substantially in the form set out in § 81.324 (a).

[2] Ordinarily no delivery or transfer to the Government of title to contractor-owned property will be made (A) until reasonable efforts have been made to dispose of the property advantageously (see § 88.15–350 *et seq.*), or (B) until specific written directions for such delivery or transfer are issued by the contracting officer (see § 88.15–367).

the performance required in connection with the termination article of the contract and by the termination notice) terminates on the effective date of the termination notice (as stated specifically in the notice), except as otherwise directed by the contracting officer. The contract, however, remains executory and subject to amendment (see § 81.308f) until the obligations of the parties under the termination article have been carried out. The instructions in the termination notice may be rescinded, modified or revised if the contractor consents to such modification or revision or unless the contractor in reliance upon such instructions has materially changed his position in a manner for which compensation cannot reasonably be given by termination charges.

§ 88.15–321 *Responsibilities of the contractor on receipt of termination notice.* The contractor upon receipt of the termination notice should do the following things which are required by the standard termination article (§ 81.324) or which the contracting officer is empowered by that article to require:

(a) He must complete the continued portion of the contract (see § 88.15–150 (c)).

(b) In this connection he should bring promptly to the attention of the contracting officer any requests for equitable adjustment in the terms and prices governing the performance of any part of the contract which has not been terminated and which is to be continued, together with any evidence showing changes in the probable cost of such performance (as distinguished from costs to be taken into account in the termination settlement).

(c) The contractor must discontinue the making of subcontracts and take all necessary steps to terminate work as promptly as practicable on and after the effective date of the termination notice. This requires action by the contractor within a reasonable time. Work done after a reasonable period has elapsed will not be the basis for any compensation or reimbursement of costs in connection with the termination settlement. The contractor should call to the attention of the contracting officer at once any special circumstances making either necessary or desirable a continuance of the work or some phases of it in order to utilize effectively materials or work in process.

(d) Except as provided in the termination notice, the contractor must take steps to terminate, with or without the consent of the subcontractors, all his unperformed or partially performed subcontracts. Such subcontracts must be terminated promptly on and after the effective date of the termination notice, or, if the termination notice so provides, subsequently at such times as the contracting officer may direct. The contractor must take steps to settle such subcontracts and commitments (see further discussion of the subject, § 88.15–325). Subcontractors in turn should be required to pass along the same requirements to their immediate subcontractors and suppliers.

(e) The contractor must use reasonable care, and in addition, take such action as may be directed or approved by the contracting officer, to protect and preserve property in its possession in which the Government has, or may acquire, an interest, and to reduce or prevent loss or damage to the Government.

(f) The contractor should take such action as may be directed by the contracting officer to secure to the Government, by assignment or otherwise, the benefits of any of the contractor's rights under subcontracts.

(g) The contractor should promptly notify the contracting officer, in writing, of any legal proceedings against the contractor, based upon any subcontract or commitment related to the terminated contract, that are pending on the effective date of the termination notice or that may be brought at any time thereafter. The contracting officer should give notice (through channels) of all such litigation, with his recommendation thereon, to the Litigation Division, Office of the Judge Advocate General, so that office may consider the desirability of assuming control of any such case and defending against the claims by suitable arrangement with the contractor (see A. R. 410–5).

(h) The contractor should develop and present to the contracting officer a program for the disposition of property acquired or produced for the purposes of the terminated contract, not only by the contractor itself but by the various tiers of subcontractors, and shall issue instructions through and to his immediate subcontractors as to the methods of carrying out such a program.

(i) The contractor must proceed to prepare his inventory of property allocable to the contract, his statement of costs and his proposal for settlement of the amounts due by reason of the termination. He should take steps to obtain similar statements and proposals from his subcontractors and suppliers (see discussion in § 88.15–430 *et seq.;* see form of instructions for contractors in § 88.15–936).

§ 88.15–322 *Initial conference with the contractor at the time of the service of the termination notice.*[1] (a) In the case of each termination of a substantial contract, at the time of service of the termination notice, or as promptly as possible thereafter, a conference should be held with the contractor to develop a program for rapid settlement of the termination. At this conference, the contractor should be given explicit instructions as to the action to be taken by him. He will be requested to state whether he will submit any statement of charges based upon the termination. If he proposes to do so, or is uncertain as to the course he is to follow, he should be furnished with appropriate forms to enable him to prepare his cost statements and proposal for settlement of the amount, if any, due to him by reason of the termination.[1] All groups in the office of the contracting officer interested in the termination proceedings should be represented. Preferably at or before this time some one person should be designated by the contracting officer as his principal representative in connection with the particular termination, but it should be made wholly clear to the contractor that such representative is not authorized to conclude a supplemental agreement making settlement of the amount, if any, due by reason of the termination. The contracting officer's representative should be given authority, either general or limited,

(1) To approve dispositions of property,

(2) To approve settlements with subcontractors up to some stated amount,

(3) To pass upon the miscellaneous minor questions which inevitably arise in connection with a termination settlement.

It is good practice, although not always necessary, to have a statement of the scope of the authority of the contracting officer's principal representative reduced to writing. In appropriate cases, to avoid misunderstandings, a copy should be furnished to the contractor.

(b) At this conference, if no conference prior to termination has been held, the various matters mentioned in § 88.15–312 should be covered thoroughly. In addition the contracting officer's representative should be certain that the contractor understands fully his obligations as outlined in § 88.15–321. Particular emphasis should be placed on the following matters:

(1) Termination of subcontracts and purchase orders.

(2) Obtaining cost statements, inventories and settlement proposals from subcontractors and the methods of review thereof to be employed by the prime contractor.

(3) A program for the disposition of property acquired for the terminated contract

(i) By the prime contractor;

(ii) By or for his subcontractors.

(4) The responsibilities to the War Manpower Commission and to employees mention in § 88.15–324.

In some cases, the contracting officer may wish to examine the physical inventory at once and to check it against book inventory.

§ 88.15–323 *Time schedule.* It will assist the orderly progress of the termination settlement if at the initial conference a time schedule is worked out for the specific steps immediately required for the settlement.

(a) Directions to stop work should ordinarily have been given before the conference.

(b) Subcontracts and purchase orders, so far as to be terminated, should be terminated at once, if that has not already been done.

[1] The furnishing of advice (*in the ordinary routine of operations*) on the *procedures and methods* to be employed by the contractor and subcontractors in connection with the termination and its settlement and in determining and presenting statements of termination charges is a part of the official duty of Government personnel performing functions in connection with termination settlements and is not regarded as in any way in conflict with Criminal Code, section 1'9; 18 U. S. Code 198.

(c) A complete list of subcontracts and outstanding purchase orders should be prepared by the contractor promptly. When this has been furnished it should be checked with the contractor to see that all subcontractors and suppliers listed have been notified to file with the prime contractor their inventories, statements of costs and proposals for settlement.

(d) A schedule for furnishing the prime contractor's inventory, statement of costs and proposal for settlement should be set.

(e) Schedules should also be laid out for the furnishing of similar papers by subcontractors.

As rapidly as inventories and cost statements are received, time schedules for subsequent action can be arranged.

§ 88.15–324 *Notification to War Manpower Commission, contractor and affected employees required in connection with termination of contracts and cutbacks of production* (a) (1) When production is to be substantially decreased by termination the procedure set forth in § 88.15–324 will be carried out. This procedure is designed to avoid impairment of labor morale, to insure continuous employment of workers in essential jobs and to avoid any mistaken public impression that decreases are due to poor allocation of materials, inefficient management of the facility itself or unsatisfactory work by the employees displaced.

(2) The procedure will be applicable only after final decision to decrease production in a given facility has been reached and in the absence of a reasonable certainty that the decrease will not result in release of any significant number of workers. Knowledge that workers will not be released may be based on information (i) that some other contracting agency will use the facility and its labor, (ii) that general conditions in the industry or in the individual plant indicating immediate reconversion to essential civilian production, or (iii) that other similar factors are present. However, application of the procedure § 88.15–324 will not be withheld because of vague or indefinite possibility that labor may not be released as a result of the decrease in production.

(b) *Responsibiilty of technical service.* The technical service involved will take the following action. The chief of each technical service will give instructions as to the officer or agency to be responsible therefor.

(1) Notice of the decrease will be given to director of the regional office of the War Manpower Commission in whose area the plant is located. If the office making the notification has knowledge of subcontractors and suppliers who will be substantially affected, notification concerning these employers should also be transmitted to the appropriate War Manpower Commission regional offices.

(2) Notice of the decrease will be given to the Industrial Personnel Division, Headquarters, Army Service Forces.

(3) The management of the contractor will be notified of the decrease and the reasons therefor. If the notification is first made orally, it should be confirmed by letter. The management should be asked to give appropriate notice to the workers affected and their union representatives, if any. Management should also be asked to inform such of their subcontractors or suppliers as may be substantially affected by the cutback.

(4) The headquarters office of the chief of the technical service will prepare official statements to the press announcing the curtailment and the reasons for it. These statements will be cleared with the Bureau of Public Relations, Office of the Secretary of War. After the Bureau's approval has been obtained, they will be transmitted to the appropriate field procurement office for release in the locality in which the facility is located. They should also be released in communities in which are located the plants of important subcontracts or suppliers who will release substantial numbers of workers as a result of the decrease in production. The use of newspaper publicity is normally desirable only when a large lay off results or adverse community reaction to the change is anticipated.

(5) So far as practicable, necessary controls will be established and operated to insure that management carries out its responsibilities.

(6) Information will be transmitted to the director of regional office of the War Manpower Commission, where such information is available, concerning where, in the opinion of the technical service, the displaced workers may be reemployed with advantage to the war production program.

(c) *Responsibilities of management.* The management of the affected facility is responsible for so much of the following action as may be appropriate in the particular case.

(1) Appropriate notification to workers individually or as a group using written or verbal methods as indicated by the individual situation.

(2) Notification to subcontractors and suppliers with a request that they in turn inform such of their employees as may be released because of the change.

(3) Cooperation with the War Manpower Commission in determining the workers to be released and in placing them elsewhere. Management should also give the War Manpower Commission the names of such of its subcontractors and suppliers who, it is believed, will be substantially affected.

(d) *Temporary curtailments.* When a temporary curtailment of production occurs due to changes in specifications, changeover to production of a different product or to other factors, the technical service involved will notify the contractor of the change and the reasons therefor. Every effort will be made to give the contractor such information as will permit exact determination of the date on which employment operations will be resumed. Management will be asked to transmit this information in appropriate manner to the workers affected and to take steps to avoid disintegration of the contractor's labor force pending resumption of full operations. However, it is not desirable that the temporarily displaced workers be idle during the interim. Therefore, management should solicit the aid of the War Manpower Commission in finding temporary local employment for the workers involved.

(e) *Government installations.* The procedures described in this section apply to War Department installations at which civilians are employed as well as to privately operated plants producing for the War Department. Therefore, when substantial changes in volume of activity resulting in increased or decreased demands for labor occur at a War Department installation, the commanding officer of such installation will carry out the responsibilities both of the technical service and of management as described in paragraphs (b) to (d) of this section.

(f) *Classified information.* In transmitting information to the War Manpower Commission and to management for presentation to displaced workers, the technical service is responsible for assuring that classified information is not revealed in notifications, explanations, meetings, press releases, or otherwise, except as authorized in paragraph 15a, AR 380–5.

§ 88.325 *Termination of subcontracts*—(a) *Duty to terminate.* Paragraph (a) of the standard termination article (§81.324) for lump sum supply contracts[1] requires that the prime contractor "cancel all existing orders chargeable to this contract, and terminate all subcontracts chargeable to this contract," except as directed otherwise by the contracting officer. This obligation of the contractor should be performed immediately upon receipt of the notice of termination. Settling with the subcontractors and suppliers then becomes an obligation and responsibility of the contractor, subject to the approval of settlements by the contracting officer.

(b) *Rights of subcontractors.* (1) Under the standard termination article (§ 81.324) for use in lump sum supply contracts,[2] subcontractors and suppliers

[1] A similar provision is found in paragraph (b) (2) of the standard termination article (§ 81.324) for lump sum construction contracts.

[2] (1) Subcontractors under lump sum construction contracts also have no direct rights against the Government in the event of termination under the standard termination article (§ 81.324) for use in lump sum construction contracts.

(2) The standard termination article § 81.324 (a) for use in lump sum construction contracts similarly requires such approval of settlements of *all* subcontracts and purchase orders. The prime contractor is entitled to be reimbursed the cost of these settlements made with the approval of the contracting officer. The right to reimbursement is not limited to subcontracts and commitments made with respect to the *uncompleted* portion in the case of a lump sum construction contract. In the case of a lump sum supply contract, however, the obligation to reimburse the prime contractor for settlements of subcontracts and purchase orders is limited to those commitments and liabilities only which were made with respect to the *uncompleted* portion of the contract. This is because the cost of subcontracts and other commitments related to *completed* articles must be met by the prime contractor who receives the contract unit price with respect to such completed items in accordance with paragraph (b) of the termination article (§ 81.324).

have no direct rights against the Government upon the termination of a prime contract for the convenience of the Government. The rights of such subcontractors and suppliers are against the prime contractor or intermediate subcontractor who is directly obligated to them on the subcontract or purchase order which they hold. The extent of these rights will generally depend upon the terms of the subcontract or purchase order in question.

(2) Paragraph (d) (2) of the standard termination article (§ 81.324) for lump sum supply contracts [2] requires the contracting officer's approval of any settlements of commitments and liabilities of the prime contractor to subcontractors or suppliers (so far as related to the uncompleted portion of the contract) as a condition of reimbursing the prime contractor in a settlement by formula (see § 81.15–400 (c)) for the cost of such settlements. Except to the extent that any such settlement involves payment for completed articles at the unit price named in the subcontract, prime contractors should obtain the approval of the contracting officer for each such settlement (even if it is expected that the prime contractor's settlement with the government is to be made on a negotiated basis). This is particularly important in view of the possibility that the parties may be unable to reach an agreement for a negotiated settlement, so that a formula settlement will be necessary.

(3) The contracting officer in his discretion may authorize the prime contractor to make settlements of subcontracts within some stated figure, where the contracting officer has confidence that such authority will be exercised fairly and reasonably. The contracting officer ordinarily should not require that settlements made by subcontractors with second tier and more remote subcontractors and suppliers be submitted for his prior approval, although he may do so and he may give such approval in any proper case when it is requested. Such settlements should usually be approved after they have been made unless in particular instances the settlements appear to have been made in bad faith. The contracting officer in requiring and granting approval of settlements of subcontracts, particularly those made with second tier and more remote subcontractors, should act reasonably, without unnecessary formality and with recognition of the fact that, as a practical matter, it is impossible for him to attempt to scrutinize such settlements in detail, except in cases where he has cause to doubt the good faith or reliability of the contractor (or other person claiming through him) making the settlement.

(c) *Action to be taken by prime contractor with respect to settlement of subcontracts.* The prime contractor to carry out his functions in connection with the settlement of subcontracts must arrange to see:

(1) That his subcontractors and suppliers stop work. (A form of suggested notice to them is set out in § 88.15–912 (b)).

(2) That they are requested to state promptly whether there will be any termination charges (as a result of the termination of their subcontracts), and if so that they are directed to file, and file seasonably, inventories, statements of cost and proposals for settlement. (Forms of these documents are set out in §§ 88.15–404, 88.15–405, and 88.15–936.)

(3) That they are advised of the basis upon which they may obtain partial payments (see § 88.15–502 *et seq.*).

(4) That they arrange a proper program of disposal of property acquired for the performance of their subcontracts (see § 88.15–350 *et seq.*).

(5) That the statements of subcontractors are adequately reviewed (see § 88.15–430 *et seq.*).

(6) That a proper settlement of each subcontract and purchase order is negotiated with all possible speed (see paragraph (a) of this section) and promptly presented to the contracting officer for approval.

PROPERTY DISPOSITION

§ 88.15–350 *Sale of property*—(a) *Contract provision.* Paragraph (a) of the standard termination article for lump sum supply contracts (§ 81.324) provides [1] as follows:

If and as the contracting officer so directs or authorizes, the contractor shall sell at a price approved by the contracting officer, or retain at a price mutually agreeable, any such supplies, partially completed supplies, work in process, materials, fabricated parts or other things. The proceeds of such sale or the agreed price shall be paid or credited to the Government in such manner as the Contracting Officer may direct so as to reduce the amount payable by the Government under this Article.

(b) The policy as to the disposition of contractor-owned property pursuant to the provision quoted in paragraph (a) of this section has been stated by the Under Secretary of War as follows:

JUNE 30, 1943.

MEMORANDUM FOR:

The Commanding General, Army Air Forces.

The Commanding General, Army Service Forces.

SUBJECT:

Disposition of Contractor-Owned Property on Termination of Contracts for the Convenience of the Government.

1. At the present time a substantial number of war contracts have been terminated for the convenience of the Government because of necessary changes in the procurement program. Contractors and sub-contractors have acquired for the performance of these contracts considerable quantities of raw materials, parts and supplies. In addition they have considerable quantities of work in process.

2. These inventories of materials, parts, supplies and work in process must be utilized promptly in war production in the most efficient manner possible. Much of this material is critically needed by other war manufacturers and producers and it is the duty of War Department procurement officers to see that the material is made available at the earliest possible moment for use in essential war work. This usually can best be accomplished by disposing of these inventories promptly, either through the same industrial organization which acquired or produced them or through other recognized industrial channels for the particular type of material in question.

3. The standard form of contract article for termination of contracts for the convenience of the Government now used by the War Department provides broad and ample authority for any Contracting Officer to authorize or direct the contractor to sell or retain, at a price approved by the Contracting Officer, any supplies, partially completed supplies, work in process, or material acquired or manufactured by the contractor in the performance of the contract and further provides that the proceeds of such sale or agreed price shall be paid or credited to the Government in such manner as the Contracting Officer directs so as to reduce the amount payable to the contractor by the Government by reason of the termination. The prompt and courageous exercise to the fullest extent possible of this authority given to Contracting Officers to dispose of this contractor-owned property in accordance with the principles of sound business judgment will achieve the objective of returning the property to use in war production. Such action is essential also to the expeditious settlement of termination claims. It will in a very real sense facilitate the prosecution of the war.

4. Frequently this material must be sold at a substantial amount below its cost. In many instances, work in process must and should be sold as scrap for scrap prices. It is inevitable that losses will take place. Rarely will delay in disposing of such property help the war effort or result in any substantial savings to the Government. Under present circumstances, no materials should be hoarded merely in the vague hope that at some future date the property may have a future use or a greater value.

5. You will order your contracting officers to pursue a vigorous policy of disposing of such property, promptly and intelligently. They will be supported in the exercise of their honest judgment in carrying out these instructions.

6. The same policy must be applied to obsolete or unneeded machinery and equipment. Where it has no suitable use in production it should be disposed of promptly so that the scarce and critical materials out of which it is made can be used in the manufacture of new and vitally needed instruments of production.[1]

ROBERT P. PATTERSON,
Under Secretary of War.

[1] The cost of machinery and equipment owned by the contractor will ordinarily be taken into account in connection with the termination settlement only consistently with §§ 88.15–484, 88.15–485 and 88.15–486. Where such cost is properly to be taken into account and charged to the terminated contract, such property may be sold (a) prior to the transfer of title to the Government and the sale price credited to the Government as provided in paragraph (a) of § 81.352 and other provisions of §§ 88.15–350—88.15–376, or (b) *after* transfer of title to the Government, pursuant to PR 7 (§§ 63.701–83.781). No such sale should be approved by the contracting officer until he has determined that the cost of such property is properly to be taken into account in connection with the termination settlement in accordance with the principles of this regulation (PR 15).

[2] See footnote on p. 11619.

[1] A similar provision is found in paragraph (b) (3) of the standard termination article (§ 81.324) for use in lump sum construction contracts. In general the provisions of this section are applicable to the termination of lump sum construction contracts except where property has become affixed to and a part of the real estate upon which the construction is being conducted. (See paragraph (d) of § 88.15–651.)

(c) *Approval of the contracting officer.* Pursuant to the provision quoted in paragraph (a) the contractor (1) may be authorized or directed by the contracting officer to make reasonable efforts to sell property to which he has title at prices approved by the contracting officer, or (2) may be permitted to retain such property to which he has title with the approval of the contracting officer at a price mutually agreeable. In each instance the prior approval or subsequent ratification of the contracting officer must be obtained except as provided in § 88.15–354.

(d) *Protection of rights of assignee.* (1) If the amounts payable under the contract have been assigned by the contractor, the contracting officer should take appropriate steps in each case to see that the proceeds of any sale or retention of property are dealt with in a manner to protect the proper interests of the assignee. If the amounts of property to be sold are to be substantial, or if a series of sales is likely, normally the written consent of the assignee should be obtained to the method of disposition proposed.

(2) The assignee of a contract which contains, prior to the assignment, the standard termination article (§ 81.324) in substantially its present form, takes his assignment subject to the provisions of paragraph (a) of such article (quoted in paragraph (a) of this section) but even in such cases contracting officer should make reasonable efforts to protect the proper interests of the assignee.

§ 88.15–351 *Inventory.* Obtaining an inventory of property on hand is the first step in proceeding to dispose of property acquired or produced in the performance of a terminated contract. The procedures relating to taking and recording a physical inventory of materials, supplies, and other property applicable to the contract as of the date of termination will be consistent with those recommended by the Termination Accounting Manual, paragraphs 2201 *et seq.* A form of suggested inventory is set out in §88.15–941. This form may be altered to meet the needs of particular contracts.

(a) *Basis of pricing inventory.* Even where the "total cost" method (see § 88.15–446) is used by the contractor in presenting his proposed settlement, it is desirable that the inventory be priced (as hereinafter provided in this paragraph and in T.A.M. 2202.2), so far as this can be done with reasonable accuracy. Such pricing of the inventory will assist the contracting officer in passing upon the propriety of disposal prices. In those cases where the inventory is priced the contractor's procedures for pricing should be in accordance with policies consistently followed in the past. Any acceptable pricing basis may be used, such as first-in, first-out, average cost, or last-in, first-out, as long as it has been consistently followed. Care should be taken that cash discounts, trade discounts, special rebates and similar price reductions have been reflected in the inventory pricing either in the detail prices or as a total deduction.

(b) *Inventory should include bids for contractors' or subcontractors' property which they are willing to retain.* Usually the most effective method of making property available to other essential war work is to have the contractor take it over and use it himself or dispose of it (see § 88.15–361). Accordingly, the prime contractor and each subcontractor or supplier in filing his inventory shall include therein the items which they respectively are willing to retain together with a statement by items or groups of items of their bids or offers therefor. Contractors and subcontractors should be requested, if they are not willing to make an offer for any property listed in the inventory, to recommend the best method of disposing of such property. This procedure will afford the contracting officer a reasonable basis for ascertaining what possibility there is of disposing of the property. For this reason the filing of an inventory should not be delayed until the filing of the contractor's statement and proposal for settlement.

(c) *Partial inventories.* Contractors should be encouraged to submit partial inventories, preferably by classification or location, where they have an offer for the property so listed. Partial inventories should also be encouraged covering those articles in which the contractor and the trade have no particular interest and which will probably have to be disposed of through other channels. The prompt submission of partial inventories will enable the contracting officer to approve disposition when bids or offers by the contractor or others are included. It should be pointed out to contractors that cooperative action in this respect will expedite the removal of unneeded property from their plants.

(d) *Copies.* Three copies of the detailed inventory, in addition to those required by the contractor for his own use, should be supplied for Government purposes.

§ 88.15–352 *Rights of contractor where disposition or retention of property is at a loss to the contractor or a subcontractor.* (a) Where the sale or retention of property (properly allocable to the uncompleted portion of a terminated contract) at a price less than its cost is approved in advance or ratified by the contracting officer, the contractor will be allowed in the termination settlement the cost of the item and the proceeds of the sale or the agreed value will be credited to the Government as the contracting officer may direct.

(b) Similar treatment will be accorded to subcontractors.

§ 88.15–353 *Where contractor or subcontractor is willing to forego reimbursement for the cost of any property.* Frequently as to certain property (*e. g.* standard materials and parts) the contractor will be willing to retain or take over property at cost and agree not to include such property in any request for reimbursement. Unless in rare instances where the contracting officer wants the specific property transferred to the Government (as, for example, because it is a critical material or because it has risen sharply in value) it will be normal procedure for the contracting officer to notify the contractor, at the time of serving the termination notice or by subsequent written instructions (see par. 7a of suggested instructions to contractor, § 88.15–936), that, without further authority of the contracting officer, the contractor may retain any property to which he has title if he agrees to make no request for reimbursement. The contracting officer should direct the contractor similarly to advise subcontractors and suppliers.

§ 88.15–354 *Return of property by contractor to his vendors and suppliers.* (a) The contracting officer may authorize in advance the return of property by a contractor to his suppliers in appropriate cases (see 2d sentence § 88.15–353) where no cost to the Government is involved other than reasonable transportation charges for such property. The contracting officer in addition, in appropriate cases, may include in such authority the incurring of reasonable packing and handling charges.

(b) The contracting officer will ordinarily authorize the return of property by a contractor to his suppliers, even if a loss to the Government is involved, unless he in his discretion determines that the discount is unreasonable or that uneconomical or unreasonable transportation is involved.

§ 88.15–355 *Retention of property by prime contractor at less than cost.* The fixing of a value to a contractor for property which he will agree to retain should take into consideration, to the extent deemed relevant in the particular case, the same factors that are considered in the matter of sales (see § 88.15–358) by the prime contractor except that there is the additional factor of the utility to the contractor of the property in his own manufacturing operations. All retentions by a prime contractor at less than cost must be approved by the contracting officer pursuant to paragraph (c) of § 88.15–350.

§ 88.15–356 *Sales by contractor; when made.* Such sales will ordinarily be made after the taking of a physical inventory (see Termination Accounting Manual, pars. 2301 *et seq.*, 3201 *et seq.*) pursuant to the provisions of paragraph (i) of § 88.15–321. However, as set forth in paragraph (c) of § 88.15–351 (regarding the submission of partial inventories), a list of any property available for sale should be presented by the contractor at any time, when an offer for particular property is available.

§ 88.15–357 *Sales records.* The contractor's records shall clearly show all sales with specific detailed identification of the items sold and the individual sales prices. The contractor's procedures shall also provide for the separate invoicing of sales and the crediting of these amounts in the proposed settlement (see Termination Accounting Manual, pars. 2301 *et seq.*, 3501 *et seq.*).

§ 88.15–358 *Sale price.* In determining whether a price is fair and reasonable, the contracting officer should ordinarily consider all pertinent factors, including such of the following as he deems relevant in the particular case:

(a) Nature of property.
(1) Standard parts.
(2) Raw materials.
(3) Scarcity items.
(4) Work in process; frequently valuable only as scrap.
(5) Tools, jigs, dies, etc.
(6) Scrap.
(b) General market prices and conditions.
(1) Quotations on raw materials.
(2) Inquiries and informal bids.
(3) Trade practices and customs and channels as to disposition of similar property.
(4) Handling charges, commission or profit allowance.
(5) Volume of similar property offered at the time.
(c) Location of property and cost of transporting and handling.
(d) Utility of the property to the Government if the property is not sold or retained by the contractor.
(e) Cost of storage and transportation to Government if the property is not sold or retained.
(f) Necessity for speed in disposing of property as a step in settling the terminated contract promptly.

§ 88.15–359 *Grants of discretionary power to prime contractor.* (a) The factor of time is frequently one of the most important elements in determining whether a prospective sale will or will not be made by a contractor or a subcontractor. It is therefore essential to eliminate insofar as possible, the necessity for the contracting officer's approval of each prospective sale. To accomplish this in appropriate cases and with proper safeguards to prevent abuse, a contracting officer may, in his discretion, authorize a contractor, in advance, to dispose of property at stated discounts off cost for specific classes of property involved in a particular contract. A contracting officer may also authorize a contractor, within such limits as the contracting officer may prescribe, to permit any of his subcontractors or suppliers to retain or dispose of property in their possession, acquired or manufactured for the work under the contract, as similar discounts.

(b) Where a range of discretion is granted to a prime contractor as to the sale of property in his possession, or as to the sale or retention of property by subcontractors, frequent periodic reports by the contractor to the contracting officer of the exercise of this discretion should be required (see §§ 88.15–300 to 88.15–561).

§ 88.15–360 *Ascertainment of value.* (a) If property is of a type which has no reasonably immediate utility to the Government and can be sold in good faith at a public sale or otherwise consistently with generally recognized trade or commercial practices for the type of property involved, a sale should normally be approved. The contracting officer must be realistic about values and should recognize that inevitably much work in process, despite its cost, has scrap value only.

(b) When sale of property for scrap is authorized or when property is sold at prices not greater than ceiling prices for scrap, the contracting officer will direct that the property be identified as scrap and that a warranty be obtained from the purchaser that the property will in fact be used as scrap. Such a warranty may be in substantially the following form:

> The purchaser represents and warrants to the seller that the property covered by this purchase was offered as scrap, purchased by him as scrap, and that he will sell and ship it as scrap either "as is" or after further preparation only in conformity with all applicable Regulations and Orders of the Office of Price Administration and the War Production Board.

The contracting officer may, but need not, require the contractor to furnish him a certified copy of such warranty.

(c) In determining whether to approve a sale, the contracting officer should give consideration to the present worth of the property under all the circumstances, rather than to its cost. He is not expected to use wasteful or unreasonable efforts in endeavoring to dispose of property. The contracting officer will be supported in the exercise of honest judgment and in most cases that judgment should be to sell and sell immediately.

(d) Although such action ordinarily should not be necessary, where the contracting officer is in substantial doubt as to the propriety of the price offered for particular property, he may, in his discretion, request that an informal estimate or appraisal be made of such property by Government personnel or ask for an expression of opinion by such personnel as to the reasonableness of a proposed disposition. The chiefs of the several technical services will each take steps to see that personnel able to assist in such informal valuation work are made available promptly upon request by contracting officers of their own or other technical services. Such valuation work, when requested, should be made with a minimum of formality and paper work and should not be permitted unreasonably to delay settlements or disposition of property. It should be designed to obtain merely a rough indication of the amounts which probably can be realized for such property under the circumstances.

§ 88.15–361 *Channels of disposition.* (a) The contracting officer, so far as is practicable, should avail himself of all possible channels in assisting the contractor to dispose of property.

(b) Where it is known that particular property is appropriate for use by the technical service which made the contract or that there is some definite need for such property by some other service or by any other department of the Government, the contracting officer may make such reasonable inquiry (by telephone or otherwise) as he may deem proper in an attempt to utilize such property. In appropriate cases, he should consider the usefulness of such property for components and spare parts for units already in service or to be completed.

(c) The contracting officer will not unreasonably delay approval of proposed sales or retentions of contractor-owned property merely to make inquiry of other War Department or Government agencies as to whether they can find use for it. Such inquiries, unless made informally, invariably take more time than is expected and tend unduly to impede other productive work by the contractor and to delay termination settlements. The contracting officer may find it advisable to have the contractor assign one or more of the contractor's employees to assist the contracting officer in arranging for disposition of material by the contractor. Such employees will remain in the employ of the contractor but a reasonable charge for their services and expenses may be allowed as an item of cost in the settlement agreement.

(d) After it is clear that reasonable disposition of property through the contractor will not be possible, the contracting officer in appropriate cases may find it advisable upon receipt of the inventory from the contractor to transmit a copy of the same to the redistribution and salvage officers of the technical services in appropriate cases (and to the Redistribution Branch of the War Production Board) for the purpose of ascertaining whether any of the technical services can suggest or have any use for the property. He may request these officers and agencies to study the disposal of particular property and to make inquiries as to possible outlets for it even in advance of receipt of the detailed inventories, where he has knowledge of the general character of the property available for sale.

§ 88.15–362 *Applicability of regulations of other agencies relating to disposition of property.* Sales or other disposition of property will be made in accordance with the rules and regulations of the War Production Board, Office of Price Administration, the Aircraft Resources Control Office of the Aircraft Production Board and any other Governmental agency having jurisdiction thereof. Responsibility for compliance therewith shall rest with the contractor. Contracting officers and their staffs will assist in every reasonable manner in obtaining necessary clearances.

§ 88.15–363 *Accounting of property disposed of by prime contractor.* The contractor's accounting procedures should comply with the standards outlined in the Termination Accounting Manual. The Government accounting personnel in reviewing disposals or retentions of property by the contractor should establish, within the limits of the accounting review directed by the contracting officer in the particular case, the accuracy with which the dispositions of property approved by the contracting officer have been reflected in the settlement proposed by the contractor (see § 88.15–357). However, it is not the responsibility of the accounting personnel to pass upon the fairness of the prices at which such property has been disposed of nor to question the judgment of the contracting officer in authorizing such disposal. The results of their review should be included in any report prepared for the guidance of the contracting officer in connection with the proposed settlement. (See T. A. M.,

paragraphs 2301 *et seq.*, 3201, 3501 *et seq.*).

§ 88.15–364 *Credit risks on sales.* Sales will ordinarily be made for cash. No contractor or subcontractors shall be obligated to sell except for cash, and credit will be extended by any contractor or subcontractor at his own risk.

§ 88.15–365 *Disposition of property by subcontractor.* The sale or disposition of property related to the terminated contract which is in the hands of subcontractors or suppliers will be dealt with in accordance with any applicable provisions of the subcontract or purchase order in question and with substantially the same procedures, prescribed in § 88.15–350 and following sections, for the disposition of property in the hands of prime contractors. Except as provided in § 88.15–359, all disposal or retentions of property by subcontractors involving a loss which will become a part of termination charges to be borne by the Government should be submitted to the prime contractor for necessary approval or should be made consistently with a program approved by the prime contractor acting pursuant to authority granted by the contracting officer.

§ 88.15–366 *Approval of contracting officer.* Normally both the prime contractor and any subcontractor or supplier will desire to have the contracting officer's approval of the sale or retention by such subcontractor or supplier of property, acquired in connection with the performance of a terminated contract. Such sales or retentions will enter as credits into the settlement of the termination charges of such subcontractors or suppliers and in obtaining reimbursement of these charges, prime contractors will need to obtain the approval of the contracting officer (see paragraph (b) of § 88.15–325). Accordingly such approval should be obtained currently as the prime contractor authorizes each sale or retention of property, unless he is acting within the range of a prior grant of authority pursuant to § 88.15–359. The contracting officer in granting or withholding such approval must as a practical matter rely on the prime contractor's judgment and should grant approval in all cases where a proposed sale or retention recommended by the prime contractor is consistent with usual business practice.

§ 88.15–367 *Transfer of property to the Government.* Title to property in the possession of contractors and subcontractors in connection with a terminated contract will not be transferred to the Government until specific written directions for such transfer are issued by the contracting officer. If there is any property on hand after every reasonable effort to dispose of the same has been exhausted in accordance with the procedures outlined in §§ 88.15–350 to 88.15–366 the contracting officer will direct the contractor to transfer to the Government title to such remaining property at such time or times, and by delivery or in such other manner, as the contracting officer may direct. The contractor shall make delivery at the point or points and in the manner specified by the contracting officer. The contractor shall bear transportation charges on completed items to the f. o. b. point, if any, specified in paragraph (a) of the standard termination article for lump-sum supply contracts (§ 81.324). For form of order requesting delivery, see § 88.15–946.

§ 88.15–368 *Protection of property; mitigation of damages.* (a) In accordance with general principles of contract law and consistently with the provisions of paragraph (e) of the standard termination article for use in lump-sum supply contracts (§ 81.324), the contractor should use reasonable care, and in addition, take such action as may be directed or approved by the contracting officer, to protect and preserve property in its possession in which the Government has, or may acquire, an interest, and to reduce or prevent loss or damage to such property. The contractor should not be required to retain in his plant for an unreasonable time the property acquired for a terminated contract. The contracting officer, upon request of the contractor and after the expiration of a reasonable time after the filing of a complete inventory, should authorize the contractor to remove property from his plant and to store it at the expense of the Government. Title need not be transferred to the Government, even if the property is thus stored, unless the contracting officer directs such transfer.

(b) Promptness in deciding the disposition of property will tend to reduce expense to the Government by eliminating storage expense and charges, local property taxes and other similar expense which the contracting officer fairly should approve as post-termination expense (see paragraph (d) of § 88.15–443) where the contractor, for the benefit of the Government, is asked temporarily to retain title to or custody of property acquired by the contractor for the terminated contract.

§ 88.15–369 *Accounting for property transfer.* All items directed by the contracting officer to be transferred to the Government shall be taken up by the accountable property officer. If disposed of thereafter, the sale shall be handled in accordance with the provisions of PR 7. (§ 83.700 *et seq.*)

§ 88.15–370 *Sales of Government-owned facilities.* When any supply contract is terminated, the contracting officer will ascertain whether or not the contractor is in possession of any Government-financed facilities acquired under any Emergency Plant Facilities contract, Special Facilities contract, Defense Plant Corporation lease agreement, facilities article set forth in § 81.332, or other contract, lease or article providing for facilities to be financed by the Government, and will determine or recommend to higher authority whether or not such possession by the contractor should be terminated. Generally, disposition of such facilities will be in accordance with the terms of the termination provisions in the facilities contract, lease or article, as the case may be. Subject to such provisions, disposition of such facilities (other than real estate, see paragraph (a) (4) of § 88.15–651) will follow the procedure set forth in Procurement Regulation 7 (§ 83.700 *et seq.*). When the standard Government-owned facilities article, (§ 81.322) is included in a supply contract, the contracting officer should ascertain whether the contractor has been given written approval to use such facilities for any additional work for which the Government has contracted. The last sentence in paragraph (b) of the standard Government-owned facilities article prescribed in § 81.322 of Procurement Regulations, reads as follows:

> The government hereby grants to the contractor the right to use, without the payment of rental therefor, such facilities in connection with the work herein contracted for and, subject to written approval of the contracting officer, for any additional work for which the government may contract.

If such prior written approval has been given, the contracting officer would be without authority to direct the disposition of such facilities.

§ 88.15–375 *Government-furnished equipment and property.* Sale to a contractor of Government-furnished equipment and property which is in his plant in connection with a terminated contract may be made in accordance with section II of Procurement Regulation 7 (§ 83.720 *et seq.*). Reasonable effort should be made to do this where the property is not needed by the Government.

§ 88.15–376 *Property to which the Government has security title by virtue of provisions of contract article governing partial payment.* (a) Subparagraph (b) of the partial payment articles set forth in §§ 81.330 and 81.331 of procurement regulations, reads as follows:

> (b) The title to all property upon which any partial payment is made prior to the completion of this contract shall vest in the Government in its then condition forthwith upon the making of any such partial payment or payments: *Provided*, That nothing herein shall deprive the Contractor of any further partial or final payments due or to become due hereunder; nor relieve the Contractor or the Government of any of their respective rights or obligations under this contract.

Unless the partial payment article in the contract (§§ 81.330 or 81.331) has been amended by adding thereto subparagraph (d) mentioned below in paragraph (b) of this section, disposition of property to which the Government has taken title pursuant to the partial payment article, will be in the manner prescribed in Procurement Regulation 7 (§§ 83.701–83.781).

(b) Under contracts containing the substance[1] of such subparagraph (d), disposition of personal property to which the Government has taken title, for security pursuant to the partial payment article, will be disposed of in the same manner as contractor-owned property (Cf. Opinion of the Judge Advocate General, May 14, 1943, SPJGC 1943/6630; cf. par. 15–651.6). To facilitate the disposition of property, contracts containing a partial payment article may be amended by adding the substance of new subparagraph (d) to such article (see § 81.331a). Care will be taken in exercising authority under such subparagraph (d) to protect the interests of assignees of amounts payable under the contract.

PREPARATION AND REVIEW OF CONTRACTORS' AND SUBCONTRACTORS' ACCOUNTING STATEMENTS AND PROPOSALS FOR SETTLEMENT: ACCOUNTING GUIDES TO A NEGOTIATED SETTLEMENT

§ 88.15–400 *Summary of action to be taken with respect to presentation of contractor's statements and proposals for settlement.* The following principal steps will be taken to bring about the settlement and payment of amounts, if any, due to the contractor and his subcontractors and suppliers in connection with the termination settlement:

(a) The contractor will file (see § 88.15–402) with the contracting officer an accounting statement relating to the amount due to the contractor by reason of the termination which shall constitute a proposal for a negotiated settlement of the amount due with respect to the uncompleted portion of the contract.

(b) The various subcontractors will file with the prime contractor similar statements and proposals for settlement. The statements and proposals will relate solely to the uncompleted portion of the contract[2] except where the total cost method is used to arrive at the costs applicable to the uncompleted portion of the contract.

(c) The contractor will review, through his own accounting personnel, the statements presented by his subcontractors and negotiate settlements with them respectively, subject, however, to the approval of the contracting officer (see § 88.15–430). He will present the subcontractors' accounting statements and proposals for settlement, either separately or as a group, to the contracting officer for approval in connection with his own settlement, with his recommendation and certificate (see § 88.15–440).

(d) The contracting officer will refer the contractor's statements and proposals for settlement to the Government accounting personnel, who are assisting him, for review (§§ 88.15–420, 88.15–424 *et seq.*) to the extent deemed appropriate in the particular case by the Contracting Officer. The Government accounting personnel will also review the statements and proposals of the subcontractors, either as a group, or individually as they are presented (see § 88.15–431).

(e) The Government accounting personnel will prepare a report (see § 88.15–424 (d)) containing their comments and recommendations and computations made on the bases hereinafter mentioned of the indicated equitable negotiated settlement of the amount due on the uncompleted portion[3] of the contract. This report and the recommendations and computations made in it will *not* bind or control the discretion of the contracting officer in negotiating such a settlement.

§ 88.15–401 *Negotiated settlement compared with a formula settlement.* The preparation of accounting data and proposal for settlement are designed to facilitate the negotiation of a settlement of the amount due on the uncompleted portion[3] of the terminated contract. Such a negotiated settlement is authorized by paragraph (c) of the standard termination article used in lump sum supply contracts (§ 81.324). If such a settlement cannot be negotiated between the contracting officer and the contractor, then, under the termination article, settlement will be made in accordance with the formula contained in paragraph (d) of the article (§ 81.324). A negotiated settlement can be made more expeditiously than a formula settlement and results in more prompt payment of the amounts owing to contractors and subcontractors. The method of settlement by negotiation, therefore, is to be regarded as the primary and more satisfactory method of settlement. Settlement by formula will be a secondary method and will be resorted to only where a negotiated settlement proves to be impossible. If a settlement by negotiation is not made, the contractor's accounting statement will serve as a basis for determining what further investigation is necessary to permit of settlement by formula.

§ 88.15–402 *The contractor's statement and proposal for settlement.* The contractor's statement of costs and other accounting data showing the amounts owing to him by reason of the termination will be substantially in the forms set out in §§ 88.15–404 and 88.15–405, and will be prepared in accordance with the principles set out in this regulation (PR 15) and the Termination Accounting Manual. The contractor's statement and proposal, together with the schedules in support of it, constitutes the basic representation of the contractor. In submitting any such statement to the Government, the contractor represents that the facts stated are true and he is subject to penalties for any false certification. (See 18 U.S.C. 80.) All costs claimed to have been incurred by the contractor should be supported by data sufficiently specific to permit satisfactory review or examination (see T. A. M. 2101.2). It will frequently expedite the preparation of the contractor's statement if the contractor's representatives will confer with the contracting officer or his accounting personnel before undertaking accounting work in connection with this statement and makes sure that they understand.

§ 88.15–403 *Content of statement and proposal*—(a) *General.* The contractors' proposal for a negotiated settlement should consist of three basic types of statements (see T. A. M. 2102) covering the following classes of charges:

(1) The costs incurred directly by the contractor with related profit, if any.

(2) The charges of his subcontractors.

(3) The costs incurred by the contractor subsequent to the date of termination.

(b) *Statements of costs; alternative bases.* The statement of the costs incurred directly by the contractor may be prepared on either the inventory basis or the total cost basis (see § 88.15–446 and T. A. M. 2102) depending upon which method is applicable in the circumstances. An outline of the factors to be considered in determining the method to be used is set forth in § 88.15–446. Other statements to be submitted as a part of the proposed settlement are the same for either the inventory or the total cost basis.

(c) *Statements of subcontractors.* The settlement of the charges of subcontractors and suppliers arising out of the termination of the prime contract may be unavoidably delayed. For this and other reasons, it is desirable that the statements covering these settlements be submitted by the contractor separately. They may be submitted at appropriate intervals depending upon how quickly the statements and information necessary for the settlements with particular subcontractors and suppliers are received, and the basis for a settlement with them negotiated by the contractor (see T. A. M. 2102.3).

(d) *Post-termination costs.* It is also desirable that the statement of costs incurred by the contractor subsequent to the date of termination be submitted separately (see T.A.M. 2102.4).

§ 88.15–404 *Form and content of statement of contractors' own charges using inventory basis.* When the contractor's statement is prepared on the inventory basis (see § 88.15–446), it should be in substantially the following form (see T. A. M. 2103) set out in this section.

[1] Subparagraph (d) of the contract article set forth in Procurement Regulations §§ 81.330 and 81.331 was authorized by amendments to those regulations in August 1943. It permits the disposition of personal property to which the Government has a security title by reason of the usual partial payments articles frequently found in supply contracts.

[2] In the case of a lump sum construction contract containing the standard termination article (§ 81.324) these statements will relate to the whole contract.

[3] In the case of a lump sum construction contract containing the standard termination article (§ 81.324) this negotiated settlement will relate to the whole contract.

Statement of _____
(name of contractor)
Contract No. _____
Effective Date of Termination _____
Date of Statement _____

Statement of costs incurred on uncompleted work as of date of termination (exclusive of subcontractors' claims for uncompleted work and exclusive of costs incurred subsequent to date of termination).

1. Raw materials on hand [1] _____ $
2. Purchased parts [1] _____
3. Work in process [1] _____
4. Tools, dies, jigs and fixtures not amortized [2] _____ $
5. Administrative expenses [3] _____
6. Other costs (submit detail) _____
7. _____
8. _____
9. Total _____ $
10. Contractor's profit for work done *prior* to termination, if any [4] ____ $
11. _____
12. Total amount (exclusive of subcontractors' claims and exclusive of costs incurred after date of termination) _____ $

[1] Schedules listing the individual inventory items should be submitted. The information shown should include (a) location of items, (b) quantities, (c) descriptions, (d) unit costs, (e) weights, (f) disposal prices. The inventories should be priced and summarized by material, labor and burden.

[2] The schedules should show the total cost and the unamortized balance in addition to the information in Footnote 1.

[3] Schedules showing the method of computation should be included.

[4] Data should be submitted as to the profit which it is estimated would have been earned if the contract had been completed.

Schedules of completed units should be attached. Schedules should show date, number and amount of each invoice for items billed. Any invoice representing items still on hand should be so designated.

§ 88.15–405 *Form and content of statement of contractors' own costs using total cost basis.* When the contractor's statement of his own costs is prepared on the total cost basis (see § 88.15–446), it should be in substantially (see T. A. M. 2104) the form set out in paragraph (a) of this section.

(a) *Suggested form of Statement (Total cost basis).*

Statement of _____
(name of contractor)
Contract No. _____

Statement of total costs incurred on contract to date of termination (exclusive of subcontractors' claims for uncompleted work and exclusive of costs incurred subsequent to date of termination) [1]

Direct charges:
1. Direct materials _____ $
2. Direct labor _____
3. Other direct charges _____
4. _____

Prorated charges:
5. Indirect factory expenses _____
6. Administrative expenses _____
7. Other prorated expenses _____
8. _____
9. Total cost _____ $
10. Contractors' profit for work done prior to termination, if any [2] _____
11. _____
12. Total _____ $
13. Deduct total units completed at contract price [3] _____
14. Total amount (exclusive of subcontractor claims and exclusive of costs incurred after date of termination) _____ $

[1] All items listed in this statement should be supported by such schedules as will show in reasonable detail the source and description of the charges.

[2] Add estimate of profit or deduct estimate of loss. Data should be submitted as to the profit which it is estimated would have been earned if the contract had been completed.

[3] This amount should be detailed as to date, number and amount of each invoice for items billed. Any invoice representing items still on hand should be so designated. If there is an indicated case, the costs of the completed units will be deducted instead of the contract price (see T. A. M. par. 1207).

(b) *Inventories to accompany statement on total cost basis.* Procedures in respect to physical inventories are set forth in the Termination Accounting Manual, Part II, Chapter 2, par. 2201 *et seq.* (see § 88.15–440 *et seq.*). The exact form of the inventory schedules will depend on the particular circumstances.[1] The schedules should be prepared in triplicate and be classified as follows:

Raw materials.
Purchased parts.
Work in process.

The information shown should include:

Location of items.
Quantities.
Description of items.
Weights.
Disposal prices.

Where practicable, the cost price of each item in the inventory should be shown.

§ 88.15–406 *Statements required under both bases*—(a) *Subcontractor charges.* The responsibility of the prime contractor and the procedures for handling subcontractors' charges are outlined in § 88.15–431 *et seq.* (see T. A. M. 2401 *et seq.*). Schedules should be submitted supported, wherever practicable, by copies of purchase orders or subcontracts, subcontractors' statements and certificates as required by §§ 88.15–410 and 88.15–440. Such schedules (see T. A. M. 2105.2) should show:

Date of subcontract or purchase order.
Purchase order number.
Name of subcontractor.
Description of items covered by subcontracts and prices thereof.
Total amount of subcontract.
Payments already made.
Amount of charges.

(b) *Transcript of advance payment account, if any, as reflected by books.* The contractor should include a schedule (see T. A. M. 2105.1) showing a transcript of the advance payment account, if any, as reflected by his books. Statements as to existing "V" or other Government or Government-guaranteed loans should also be included as well as information regarding any assignment made of rights to amounts due under the contract.

(c) *Post-termination charges.* Schedules (see T. A. M. 2105.3) should be submitted showing costs incurred after termination in reasonable detail and dates of approval of various items by the contracting officer.

§ 88.15–409 *Form of certificate to be used by prime contractor when presenting statement.* Each statement and proposal for settlement presented by a prime contractor as to his own charges (exclusive of sub-contractor's charges) will be accompanied by a certificate containing the following statement:

The undersigned certifies that, to the best of its knowledge and belief, the foregoing statement, prepared for submission to contracting officers acting in behalf of the United States of America as the basis for a settlement with the undersigned under a contract with the United States, is true and correct, as itemized in the above summary and attached supporting schedules and explanations, has been prepared from the books of account and records of the undersigned in accordance with recognized accounting practices, includes (so far as costs are involved) only those costs necessary for the performance of said contract and the charges as stated are fair and reasonable.

Signed and acknowledged before me this ____ day of _____, 194__.
_____
(Contractor)
By _____
(President, Vice President, Treasurer, or Assistant Treasurer)
By _____
(Chief Accounting Officer)
_____
(Notary Public)

§ 88.15–410 *Applicability of forms and comments to subcontractors.* The forms and comments set forth in §§ 88.15–402 to 88.15–406 are generally applicable to subcontractors (§ 88.15–325) when preparing their statements of accounting information and proposals for settlement for presentation to the prime contractor or to an intermediate subcontractor. The form of certificate in § 88.15–410 should be slightly modified, however, to be as follows:

The undersigned certifies that, to the best of its knowledge and belief, the foregoing statement with respect to a subcontract or purchase order with (*Contractor*), prepared for submission to said _____ and to Contracting Officers acting in behalf of the United States of America, is true and correct, as itemized in the above summary and attached supporting schedules and explanations, has been prepared from the books of account and records of the undersigned in accordance with recognized accounting practices, includes (so far as costs are involved) only those costs necessary for the performance of said subcontract or purchase order,

[1] An appropriate form of inventory for use in many cases is set out in § 88.15–941.

and the charges as stated are fair and reasonable. The undersigned makes this certificate with full knowledge that the foregoing statement will be used as a basis for a settlement with the undersigned and that the amount of such settlement may be included in a claim for reimbursement under a contract with the United States.

Signed and acknowledged before me this ____ day of ----------, 194--

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(Subcontractor)

By ----------
(President, Vice President, Treasurer, or Assistant Treasurer)

By ----------
(Chief Accounting Officer)

(Notary Public)

§ 88.15–411 *Documentary requirements in support of contractor's statement.* War Department requirements as to documentary evidence (see T. A. M. 1105) such as are in force with respect to cost-plus-a-fixed-fee contracts are not applicable to negotiated termination settlements of lump sum supply contracts (see § 81.324 (c)). In the case of settlements by negotiation, no such documentary evidence is to be submitted to the disbursing officer. Contractors and subcontractors, however, are held to the standards of good commercial practice as to possession and maintenance of records and should be cautioned to preserve all pertinent records and supporting papers so that the Government can make such inspection of them as it deems necessary. It should be remembered that when a lump sum supply contract is completed the contractor is not ordinarily required to prove his costs under the contract, except possibly in connection with renegotiation proceedings, and even these are usually conducted on an "over-all" basis for each contractor. Accordingly, in those cases where a lump sum supply contract is terminated, for the convenience of the Government, the contractor should not be required to state his costs in unreasonable detail. There is no justification for obliging a contractor to maintain an otherwise unnecessarily elaborate cost accounting system merely because of the possibility that his lump sum contracts may be terminated for the convenience of the Government.

§ 88.15–420 *Accounting review of the contractor's and subcontractors' statements.* Accounting reviews will be made in accordance with the provisions of §§ 88.15–421 and 88.15–454.

§ 88.15–421 *The Termination Accounting Manual.* The Termination Accounting Manual is designed (see § 88.15–109) for the assistance of contractors and accounting personnel in reviewing the statements and proposals of contractors and subcontractors.

(a) *Matters included in Termination Accounting Manual.* The Termination Accounting Manual contains certain of the provisions set forth in this regulation (PR 15) as necessary background for the instructions given to the Government accounting personnel. For the convenience of Government personnel engaged in and conducting termination settlements, there have been set out in this regulation certain material also found in the Termination Accounting Manual.

(b) *Termination Accounting Manual not applicable to formula settlements.* The Termination Accounting Manual (T. A. M. par. 1113) does not prescribe audit procedures for settlements made through the use of the formula set forth in paragraph (d) of the termination article (§ 81.324), as contrasted with settlements made on the negotiated basis pursuant to paragraph (c) of the termination article. The audit procedures for each formula settlement will be determined by the chief of the technical service concerned consistently with this regulation (PR 15) and with accounting policies prescribed by the Office of the Fiscal Director, Headquarters, Army Service Forces. Prompt written notice will be given to the Contract Termination Branch, Purchases Division, Headquarters, Army Service Forces (through the chief of the technical service), of any settlement which is to be made on a formula basis, so that any special accounting or other instructions, necessary in the particular case may be issued.

(c) *Examination of subcontractors' claims.* The Termination Accounting Manual (see T. A. M., par. 1114) is prescribed as a guide in making an accounting examination of claims of subcontractors when such examinations are to be made by Government accounting personnel. It is also suitable for use by contractors in the examination by them of subcontractors' charges.

(d) *Termination Accounting Manual not applicable to sections of contract already on a cost basis.* Some fixed-price supply contracts provide that certain facilities shall be furnished on a cost basis. Since reimbursement has been made for these facilities on a cost basis to the extent completed, the Termination Accounting Manual is, therefore, not applicable to such portions of the contract (see T. A. M. 1115). The audit procedures in connection with costs of facilities contracts are set forth in the Manual for Administrative Audit of Cost-Plus-a-Fixed-Fee Supply Contracts.

§ 88.15–422 *Function of the contracting officer in reviewing statements and proposals of contractors.* The contracting officer has the responsibility for passing upon the contractor's proposal and arriving at an agreement with the contractor. In carrying out these functions, the contracting officer must decide the extent to which he requires independent review and verification of the contractor's statement by personnel qualified to deal with accounting matters (see T. A. M. 1104). In this connection, the accounting personnel operate to assist the contracting officer in an advisory capacity when such technical assistance is requested by him. Contracting officers will pursue a policy of reducing auditing to a minimum consistent with protecting the interests of the Government. Whenever possible, reliance should be placed on intelligent reviews of contractors' data rather than on detailed audits. In those cases where audits do appear to be necessary, it is also expected that they will be carried out in accordance with the principles of selective auditing (see T. A. M. 1106).

§ 88.15–423 *Accounting personnel and function in connection with termination settlements.* In connection with termination settlements, Government accounting and auditing personnel will make those investigations, reviews and audits which are directed or requested by the contracting officer (see T. A. M. 1104) to determine that the settlement proposed is in accordance with the termination provisions of the particular contract, and that it is substantiated by the contractor's records and other supporting evidence.

§ 88.15–424 *Nature of accounting review.* The nature of the accounting examination to be required in each particular case will be determined by the contracting officer or by his duly authorized representative charged with that responsibility. In determining what type of review is necessary to protect the Government's interest, the contracting officer, or his appropriate representative, will have in mind the different types of review contemplated by paragraphs (a) and (b) of this section and, after consultation with the accounting personnel (which usually should take place after the office review, see paragraph (a) of this section) will give instructions as to what further examination, if any, is to be required in the particular case. The contracting officer will be warranted in relying upon the advice of the accounting personnel as to the extent of any such further examination required in any particular instance.

(a) *Office review by accounting personnel.* In every instance, in order to protect the Government's interest adequately, at least an office review will be made by qualified accounting personnel of each statement and settlement proposal submitted by a contractor in connection with a lump sum supply contract termination (see T. A. M. 1107).

(b) *Scope of office review.* In making the office review (T. A. M. 1107.1 *et seq.*) of the contractor's statement, the following matters should be given special attention:

(1) Does each item appear to be of a type that is proper in the light of the definition of cost set forth in § 88.15–480 *et seq.*?

(2) Does each item appear reasonable in amount in relation to other items in the statement?

(3) Does each item appear reasonable in amount in relation to the stage of completion?

(4) Do the quantities of material and work in process on hand appear reasonable in relation to the quantitative requirements of the uncompleted portion of the contract?

(5) Does each rate of overhead, if overhead is included, appear reasonable?

(6) Do the materials and items appear to be of a "common" nature (see § 88.15–150 (b)) and if such is the case has the

portion thereof included in the statement been properly determined?

(7) Does the statement appear to have been prepared in accordance with recognized accounting practices?

The office review will include a verification of the mathematical accuracy of the contractor's statement and supporting schedules and a check of the accuracy of information submitted in connection with (i) outstanding "V" loans and advance payments and (ii) schedules of completed units.

(c) *Appropriate extent of examination beyond an office review.* (1) It is the contracting officers' responsibility (see T. A. M. 1108) to determine what further examination will be made of the contractor's proposed settlement beyond the office review. In making this decision, the following factors should be considered among others:

(i) The amount and complexity of the proposed settlement.

(ii) The conclusions of the accounting personnel as a result of the office review.

(iii) Available reports of independent public accountants.

(iv) Any information available from War Department personnel having contacts with the operations under the contract.

(v) The status of renegotiation proceedings (see §§ 88.15–500 and 81.1204 (i)).

(2) The contracting officer after such consultation with accounting personnel as he may deem appropriate, will then determine what further examination, if any, is to be made. The following further steps are illustrative of the types of additional investigation which may prove to be appropriate:

(i) The contractor may be requested to submit additional data or explanations.

(ii) Governmental accounting personnel may be instructed to visit the contractor's plant to discuss the statement and to make any necessary reference to the accounting records.

(iii) An audit by qualified accounting personnel may be requested in accordance with the procedures outlined in this Regulation and with the Termination Accounting Manual (T. A. M. par. 3101 *et seq.*).

(3) While it is the contracting officer's responsibility to decide whether or not an audit is to be made, the procedures by which such examinations are actually carried out are dependent upon the judgment and technical knowledge of the accounting personnel.

(d) *Accounting report to contracting officer.* Written evidence of the reviews of the accounting personnel, whether office reviews or more extensive examinations, will be submitted in an appropriate manner (see T. A. M. 1109, 4201 *et seq.*; see §§ 88.15–434; 88.15–532) to the contracting officer. The accountant's report should comment in reasonable detail upon the basis of the determination of the rate or rates of profits used in the computations. The report should also call to the attention of the contracting officer any special factors relating to the allowance of profit which should be given study in connection with the settlement negotiations and should suggest any qualifications of the results of the accounting computations which may occur to the accounting personnel as deserving consideration by the contracting officer. The following information should also be shown in the report in adequate detail:

(1) The summary of costs included in the accountant's report should be such as will disclose adequately by major classifications the nature of the work done;

(2) Relatively large costs arising from unprocessed standard raw materials may represent no substantial work and therefore should be separately shown;

(3) Costs of an unusual nature and important in an amount should be shown separately.

The accounting report and computations may be considered by the contracting officer together with all other appropriate information and criteria in determining the amount of a proper settlement. He will give it such weight and qualify the results of its computations to such extent as he may consider necessary or reasonable under all the circumstances.

(e) *Expediting partial payments.* Paragraph (i) of the termination article (§ 81.324) provides that "the Government shall promptly make partial payments to the contractor". It is the duty of accounting personnel to facilitate such partial payments in every proper manner. For example, in appropriate cases, a brief preliminary office review may suffice as a basis for the authorization of partial payment by the contracting officer.

§ 88.15–425 *Coordination of study of contractor's costs and auditing in certain cases with renegotiation and other termination proceedings.* All Government study of the contractor's costs and accounting work in connection with the performance of the terminated contract should be coordinated to avoid duplication of effort (see T. A. M. 1110, 1111).

(a) Auditing and accounting in connection with renegotiation and termination should be combined so far as possible (see § 88.15–550, T. A. M. 1110).

(b) Where more than one contract is being terminated the auditing should be consolidated (T. A. M. 1111).

(c) Full use should be made of accounting reports in connection with other termination settlements with the same contractor (T. A. M. 1116).

§ 88.15–430 *Statements and proposals of subcontractors.*

§ 88.15–431 *Responsibility of contractor to review.* It is the primary responsibility of the contractor (T. A. M. 2401 *et seq.*) to review or examine in an appropriate manner all statements of charges by subcontractors arising out of the termination. The problem faced by the contractor in passing upon the propriety of statements and proposals by subcontractors is similar to the problem faced by the Government auditor with respect to the statement and proposal for settlement of the prime contractor. A review or examination to some extent of each subcontractor's claim is necessary.

§ 88.15–432 *Standards of scrutiny of subcontractor's statements.* The prime contractor in this respect should be held to the standard scrutiny that a business man would employ in the conduct of his own affairs but should not be required to warrant the accuracy of the facts presented by subcontractors. A certification by the contractor that, upon the basis of his review or examination, he is of the opinion that the proposed settlement is fair, just and reasonable will suffice (see § 88.15–440).

§ 88.15–433 *Office review of the subcontractor's proposed settlement by contractor's accounting personnel.* As a minimum, an office review will be made by qualified accounting personnel in the employ of the contractor (see T. A. M. 2402) of each statement submitted by a subcontractor in connection with a fixed-price contract termination. In making the office review of the statement, the contractor should give special attention to the matters listed in paragraph (b) of § 88.15–424.

§ 88.15–434 *Report of contractor's accounting personnel.* The contractor's accounting personnel will furnish suitable written evidence of the conclusions of the office review and a copy of this review should be made available to the contracting officer or to Government accounting personnel on request.

§ 88.15–435 *Appropriate extent of examination beyond an office review.* (a) It is the contractor's responsibility in the first instance to determine what further examination (see T. A. M. 2403), if any, should be made of the subcontractor's proposed settlement beyond the office review. In making this decision, the following should be considered:

(1) The amount and complexity of the proposed settlement.

(2) The findings as a result of the office review.

(3) Available reports of independent public accountants.

(4) Any information available from personnel having contacts with the operations under the subcontract.

(b) The contractor will then make the determination as to the further examination, if any, which is to be made. The following are illustrative of further steps which may be taken if such action is deemed necessary.

(1) The subcontractor may be requested to submit additional data or explanations in writing.

(2) Accounting personnel of the contractor may be instructed to visit the subcontractor's plant to discuss the statement and in some cases to make incidental reference to the accounting records.

(3) An audit may be made by qualified accounting personnel in accordance with the procedures outlined in Part III of the Termination Accounting Manual (see T. A. M. 3101 *et seq.*).

§ 88.15–436 *Responsibility of subcontractors.* It is the responsibility of subcontractors in each case to prepare their

statements and proposals accurately in accordance with the terms of their respective subcontracts or purchase orders when they are presenting such statements to contractors or to intermediate subcontractors (see T. A. M. 2404). While an individual subcontractor does not make a certification of fact directly to the Government, the contractor shall advise all subcontractors that the statement of charges submitted by them may be subject to an audit by Government auditors and that an inspection of the supplies and materials covered by the purchase order or subcontract may be made by a Government inspector. The subcontractor is thus put on notice that his statement and proposal will be used by the contractor in compiling the latter's proposed settlement either directly with the Government or through another contractor (see § 88.15–410).

§ 88.15–437 *Investigation by contracting officer and Government accounting personnel of subcontractor's claim.* Although in the first instance it is the contractor's responsibility to make an office review of each subcontractor's claim and such examination as may be necessary (see §§ 88.15–431 to 88.15–436), the Government reserves fully the right to make such additional investigations as it may deem proper. As a practical matter, the Government must rely in a great majority of instances upon the review made by prime contractors, and the contracting officer and the accounting personnel will be warranted in doing so, in the case of contractors in which they have confidence and in the absence of circumstances coming to their attention pointing to the necessity of special investigation of particular subcontractors' claims, or showing incompetent or inadequate review by the prime contractor (see T. A. M. par. 3704 *et seq.*). Prime contractors should call to the attention of the Government any special circumstances relating to the propriety of subcontractor's claims. They, of course, should refrain from approving such claims and from executing the certificate set out in § 88.15–409 unless honestly convinced that the subcontractor's claim is made in good faith and on a basis which the prime contractor would regard as appropriate for a settlement, if reimbursement by the Government were not involved. The contracting officer and the Government accounting personnel should establish such programs of (a) examining subcontractor's claims and (b) appraising the character of the review given to such claims by the prime contractor, as may be necessary to protect the interests of the Government.

§ 88.15–438 *Definition of costs.* The definition of costs set out in § 88.15–480 *et seq.* is applicable to subcontractors' claims in connection with the compilation of costs, subject to any specific terms of the subcontract.

§ 88.15–439 *Subcontractors' inventories.* The contractors should satisfy themselves that the subcontractors have taken physical inventories of materials pertaining to the terminated contracts in substantially the manner outlined in the Termination Accounting Manual (par. 2201 *et seq.*).

§ 88.15–440 *Form of certificate of subcontractors' charges on termination.* The following form will be used by contractors in certifying termination charges of both immediate and remote subcontractors involved in the termination:

The undersigned hereby certifies that it has examined, or caused to be examined, to an extent which it considers adequate in the circumstances, the attached statement of _____ (hereinafter called the "Supplier"), with schedules thereto attached, of charges resulting from the cancellation or partial cancellation of the following orders placed with said Supplier by the undersigned in connection with the performance of Contract No. _____.

Contractor _____
Purchase Order Number _____ *Date* _____
_____ *General Description of Items Ordered* _____ *Quantity Ordered* _____ *Cancelled* _____.

In the opinion of the undersigned, the settlement in the amount of $_____ is fair and reasonable, is proposed in good faith and is not more favorable to the Supplier than one which the undersigned would make if reimbursement by the Government were not involved.

The undersigned shall not be deemed to have made any representations with respect to said charges or the settlement thereof except as expressed in this certificate; the Government's sole recourse shall be against the Supplier, unless it be shown that the undersigned has been guilty of fraud in connection with the settlement of said charges.

It is agreed that, upon payment to the undersigned of an amount taking into account the sum paid the Supplier under said settlement, the Government shall be subrogated, insofar as the Government's interests are involved, to any rights or causes of action of the undersigned against the Supplier arising out of or in connection with said settlement.

Dated: _____

_____
(Name of Contractor)

By_____
(President, Vice President, Treasurer, or Assistant Treasurer)

By_____
(Chief Accounting Officer)

Signed and acknowledged before me this _____ day of _____, 19__.

_____
(Notary Public)

§ 88.15–441 *General basis of settlement.* (See following sections).

§ 88.15–442 *Contract provisions.* In determining what constitutes a proper negotiated settlement of the amount due on the uncompleted portion of a lump sum supply contract,[1] the contracting officer must, of course, be wholly familiar with the contract provisions under which he is acting. Accounting personnel in preparing accounting guides for the contracting officer's assistance in negotiating such a settlement will also have these provisions in mind.

[1] In the case of a lump sum construction contract containing a standard termination article (§81.324 (a)) the settlement, of course, will be of the amount due with respect to the *whole* contract.

§ 88.15–443 *Standard termination article (§ 81.324); provisions for reimbursement of the contractor.* The standard termination article for use in lump sum supply contracts (§ 81.324) provides for reimbursement of the contractor upon the basis set forth in paragraphs (a) to (d) of this section.

(a) *Payments for completed supplies.* Under paragraph (b) of the standard termination article, the contractor is to receive payment of the contract unit price of all supplies called for by the contract, completed and delivered in accordance with the contract and for which payment has not been made. The contracting officer will also allow the contractor the contract unit price for all such completed supplies which are disposed of at his direction pursuant to subparagraph (a) of the standard termination article. The payment of the unit price for completed articles is not subject to negotiation. It does not enter into a negotiated settlement of the amount due with respect to the uncompleted portion of the contract, except to the extent that it may be taken into account (as a deduction) in computing an accounting guide to such a settlement on the total cost basis (see §§ 88.15–446, 88.15–453). The contractor is entitled to payment of the unit price for completed articles, subject only to any credits, offsets or deductions which the Government may have in connection with the contract or under the termination article (see § 88.15–444) and to statutory renegotiation.

(b) *Uncompleted portion of the contract; negotiated settlement.* The contractor is entitled to receive under paragraph (c) of the standard termination article (§ 81.324) "such sum as the contracting officer and the contractor may agree by supplemental agreement is reasonably necessary to compensate the contractor for its costs, expenditures, liabilities, commitments, and work in respect to the uncompleted portion of the contract so far as terminated by the notice" of termination. The contracting officer shall include in such negotiated sum such allowance, if any, for profit (see § 88.15–449 *et seq.*) with resepct to work already done on such uncompleted portion of the contract as he deems reasonable under all the circumstances. The payment under paragraph (c) is to be made in addition to and without duplication of the payments provided in paragraph (b) of the termination article or of payments made prior to giving notice of the termination of the contract.

(c) *Uncompleted portion of the contract; formula settlement.* Under paragraph (d) of the standard termination article (§81.324), if the contracting officer and the contractor cannot agree upon a settlement of the amount due with respect to the uncompleted portion of the contract within 90 days from the effective date of the termination notice (or within such extended period as may be agreed upon between them) the Government, without duplication of any payment made pursuant to paragraph (b) of the termination article or prior to giving notice of the termination of

the contract, shall compensate the contractor for the uncompleted portion of the contract in accordance with the formula set out in paragraph (d). This payment is in lieu of a negotiated settlement under paragraph (c) of the termination article. It should be clearly understood that the formula method of computing the amount due with respect to the uncompleted portion of the contract is not binding or controlling upon the contracting officer when making a negotiated settlement pursuant to paragraph (c) of the termination article (§ 81.324). However, he may regard it as providing general principles and standards by which he may be assisted in his negotiations (see § 88.15–450).

(d) *Expenses of settlement and post-termination expenses.* Under paragraph (e) of the standard termination article (§ 81.324), the contractor is to be paid such sum as the contracting officer and he may agree upon for the post-termination expenditures and settlement costs incurred with the approval of the contracting officer as stated in paragraph (e). If the parties are unable to agree as to the amount so to be paid, the contracting officer will make a formal determination, on the basis of the evidence before him, of the amount of such expenditures and costs and will notify the contractor of his determination in writing in accordance with the "disputes" article (§ 81.326) of the contract. The contractor may, if he wishes, appeal from this determination in accordance with the "disputes" article.

§ 88.15–444 *The Contract Article; limitations on reimbursement.* There are certain limitations on reimbursement of the contractor which should be taken into account in connection with negotiating a settlement and in preparing an accounting guide for assistance in such negotiation. These are referred to in paragraphs (a) to (c) of this section.

(a) *Maximum payment.* Under paragraph (g) of the termination article (§81.324) the payments to be made under the article, when added to "the sum of all amounts previously paid under the terminated contract, shall not exceed the total contract price," adjusted as provided in paragraph (g), in the event that the contract contains an article providing for price adjustment or an escalator clause.

(b) *Supplies undeliverable because of destruction or damage.* Paragraph (d) of the termination article (§ 81.324) provides that the contractor shall not be given any reimbursement for costs or any allowance for profit on account of "supplies and other things which are undeliverable because of destruction or damage, whether or not because of the fault of the contractor". This provision is strictly applicable only to formula settlements. It should, however, be given consideration in connection with negotiated settlements. The provision is not applicable to the extent that the Government, by express provisions of the terminated contract, has assumed specific risks of loss, destruction or damage of or to such supplies or other things.

(c) *Miscellaneous offsets.* Paragraph (f) of the termination article (§ 81.324) provides that:

> The obligation of the Government to make any of the payments required by this Article shall be subject to any unsettled claim for labor or material and to any claim which the Government may have against the Contractor under or in connection with this contract, and payments under this Article shall be subject to reasonable deductions by the Contracting Officer on account of defects in the materials or workmanship of completed or partially completed supplies delivered hereunder.

§ 88.15–445 *Accounting guides for use in connection with negotiating settlement.* In negotiating a settlement, the contracting officer should have as a guide an accounting memorandum, prepared by Government accounting personnel, containing the available accounting data as to the costs incurred by the contractor with respect to the uncompleted portion of the contract and computations based upon such data and other available information as to the rate of profit which it is expected the contractor would have earned if he had been permitted to complete the contract. This accounting memorandum will ordinarily be prepared upon one or the other of the bases set forth below in § 88.15–446. This memorandum will not limit the contracting officer in arriving at what he considers to be a proper settlement, but should be given weight by him in connection with other relevant and available criteria and considerations.

§ 88.15–446 *Alternative methods of calculating the contractor's own costs applicable to uncompleted portion of the contract for purposes of an accounting guide*—(a) *Inventory method.* Costs applicable to the uncompleted portion of the contract may be determined by pricing the inventory in detail. The profit allowance, if any, is then added. This method is hereinafter referred to as the inventory method. It is especially practicable when the inventory consists largely of purchased materials and parts on which little or no work has been performed. The method is also acceptable when there is a substantial amount of work in process and thoroughly dependable unit cost information is available to price such work in process accurately (see T. A. M. 1202.1).

(b) *Total cost method.* In the absence of such unit cost information and particularly when the contract is terminated in the early stages of performance, there may arise serious problems in determining a fair basis for the detailed pricing of the inventory. An alternative method of computing the contractor's own costs applicable to the uncompleted portion of the contract may be utilized to meet these problems. The costs incurred on the entire contract to date of termination are summarized and a profit allowance, if any, applicable to these costs is added. Deduction is then made for all payments previously made or to be made by the Government for completed units. This method is hereinafter referred to as the total cost method. It is particularly useful when it is difficult to segregate costs between the completed and uncompleted portions of the contract. Inasmuch as this method of computation of an accounting guide for the assistance of the contracting officer involves the use of an estimated rate of profit, its accuracy is in part dependent upon the accuracy and fairness of such estimate (see T. A. M. 1202.2).

(c) The results obtained, under either method, furnish on the basis of available accounting data an indication of an equitable settlement exclusive of subcontractors' claims, disposal credits, costs incurred after date of termination (see § 88.15–443 (d)), and miscellaneous offsets and deductions (paragraphs (b) and (c), § 88.15–444).

(d) The chief of a technical service may require, in any instance where adequate cost accounting data are available, that a contractor's statement of charges be prepared on the inventory basis (see § 88.15–404).

§ 88.15–447 *Treatment of disposal credits.* The term "costs" as used in § 88.15–446 refers to costs on a gross basis; *i. e.*, before credits to the Government arising out of disposal of property by the contractor (see par. (a) of termination article (§ 81.324) and § 88.15–350 *et seq.*) Disposal credits may arise either from the retention of items by the contractor at prices mutually agreed upon or from the sale of property to others with the approval of the contracting officer. The total amount of such credits, thus determined, will be deducted from the amount of the proposed settlement of the contractor as otherwise computed.

§ 88.15–448 *Claims of subcontractors.* The costs arising out of the settlement of claims of subcontractors with respect to the uncompleted portion of the contract as of the effective date of the termination notice, and as properly approved by the contracting officer, will be added to the portion of any proposed settlement covering the contractor's own costs. However, in negotiating a settlement, and in determining a proper profit allowance, appropriate consideration may be given by the contracting officer to the extent of the actual work done by the contractor in arranging and supervising a program of subcontracting.

§ 88.15–449 *Determination of profit in connection with negotiated settlement.* Paragraph (c) of the standard termination article (§ 81.324) provides that the contracting officer shall include in a negotiated settlement such allowance for profit with respect to the uncompleted portion of the contract as is reasonable under all the circumstances. The contracting officer is not tied down to any particular method of computing this profit allowance. He must exercise a sound judgment in determining a method appropriate for use in each particular case. As guides for his assistance in negotiation, the principles and computations mentioned in §§ 88.15–450 and 88.15–451 may be taken into account. However, in such negotiations the con-

tracting officer should agree only to such allowance for profit as is fair in the light of (a) work actually done by the contractor and (b) materials actually obtained or furnished. It is not intended that the contractor shall be allowed any profit with respect to work which has not been done.

The extent to which profit on the uncompleted portion of the contract will be permitted should depend principally on the contracting officer's estimate, under all the circumstances in each instance, of the extent to which the contractor has completed his work on the uncompleted portion of the contract. For determining this the contracting officer should consider the following factors among others:

(a) The total work required of the contractor and the extent to which this has been completed.

(b) The difficulty of the work which has been done and of that which remains to be done.

(c) The extent to which engineering work, production scheduling, planning, technical study and supervision, and other services involving special skill and knowledge, have been performed by the contractor. (Such work is frequently properly applicable to work or units not completed as well as to completed units.)

(d) The extent to which costs already incurred involve only the purchase of raw materials and standard parts and supplies.

(e) The extent to which the work of arranging and supervising a program of subcontracting has already been done by the contractor and its importance in the performance of the contract.

Even if the formula method (see § 88.15–450) of computing a profit is not employed, these factors should be given consideration and appropriate weight in reviewing and testing the fairness of the accounting guides and profit computations prepared by the accounting personnel (see §§ 88.15–445; 88.15–451).

§ 88.15–450 *Contract formula profit computation.* A computation of profit may be made in general along the lines of the formula which would be applicable, pursuant to paragraph (d) (3) of the termination article (§ 81.324), in the event that it should prove impossible to negotiate a settlement of the amount due with respect to the uncompleted portion [1] of the contract. The formula method is computed in three steps:

(a) The contracting officer estimates the profit which the contractor would have "realized on the uncompleted portion of the contract if the contract had been completed and labor and material costs prevailing at the date of termination had remained in effect".

(b) He then "estimates from a consideration of all relevant factors, the percentage of completion of the uncompleted portion of the contract".

(c) He multiplies "the anticipated profit determined under (a) by the percentage determined under (b). The result is the amount to be paid to the Contractor as a proportionate share of profit, if any, "upon the uncompleted portion of the contract."

For example, if it is estimated (1) that the total profit on the uncompleted portion of the contract, if completed, would have been $100,000, and (2) that the portion of the contract not represented by completed articles is half complete—under the formula the contractor would be allowed $50,000.

It is to be emphasized that the use of this formula for the computation of profit is not required where a settlement is effected by negotiation. Even if the Contracting Officer uses the formula method he is not bound to apply it in any rigid manner (see § 88.15–443 (c)) for the formula method for computing a profit, in effect, is only a statement of fair, general principles for the guidance of the contracting officer. Its use involves the exercise of sound administrative judgment in the light of all relevant criteria.

§ 88.15–451 *Indicated profit rate computation.* In many cases an approximation of the rate of profit which would be allowed by a formula settlement may be obtained by applying an appropriate rate of profit to all costs of the uncompleted portion of the contract or different rates of profit to the several classes of costs (see T. A. M. 1206 *et seq.*).

(a) *Indicated rate; how computed.* Where a single rate of profit is to be applied to all or some of the contractor's costs, the rate may be, and should not exceed, the rate of profit which, it is indicated, would have been earned under the contract if the contract had run to completion. If different rates are to be applied to the several classifications of the contractor's costs, the weighted average of these rates should not exceed the indicated rate. The indicated rate should be determined in the light of the following factors:

(1) The contractor's accounting data as to the costs of performance of the contract prior to the effective date of the termination notice.

(2) The contractor's data as to the costs which would probably have been incurred necessarily in completing performance of the contract, if the contract had run to completion.

In computing the indicated rate there may be taken into consideration nonrecurring preparatory costs and other "starting load" costs incurred in the early periods of the contract but which are properly applicable to the entire contract (see § 88.15–496). Where the contract is terminated at an early stage there frequently will be inadequate data available to indicate what rate of profit would have been earned if the contract had been completed. In such cases, a rate of profit should be employed which is reasonable in the light of the contractor's cost analyses furnished at the time of placing the contract, the available financial data as to the contractor's general operations (obtained through prior renegotiation proceedings or otherwise), information obtained as to the profit experience of other contractors of equal efficiency engaged in comparable work and other similar criteria.

(b) *Application of indicated rate to costs.* The amount of profit may be computed by applying one rate so determined to all the appropriate costs or different rates to various classes of costs. In selecting the rate or rates of profit to be so applied, consideration should be given to the nature of the work and services of the contractor involved in the costs to which the rate or rates of profit are applied. For example, if certain of the contractor's costs represent only purchase of raw materials and standard parts, a lower rate of profit (representing only a handling profit or charge for services in purchasing such materials and parts) may be applied to such costs than to costs which represent materials partly manufactured by processes requiring substantial engineering, tooling, technical skill and supervision. On the other hand, there may be employed an average rate, determined on the basis of an appraisal of all the work done and services rendered by the contractor and reasonable in the light of the available data as to the contractor's indicated rate of profit.

The rate or rates of profit will be applied to the appropriate inventory costs when the inventory method is used. When the total cost method is used, the rate or rates of profit so determined will usually be applied to total costs on the contract, inasmuch as the payments for completed units (which include an allowance for profit) are to be deducted from total costs under the total cost method of computation. Under either the inventory or total cost method, the contracting officer, in his sound judgment and discretion, should exclude from the costs to which the rate of profit is applied the costs of any items with respect to which the contracting officer is of the opinion that the contractor has performed no substantial service, or he may make such other modifications of the results of the application of the profit rate as in his judgment (1) are necessary to protect the Government's interests or to be fair to the contractor under all the circumstances and (2) to compute a reasonable profit with respect to the work actually done on the uncompleted portion of the contract (see § 88.15–449).

§ 88.15–452 *Effect on calculations when a loss on the entire contract is indicated.* (a) According to the provisions of the formula contained in paragraph (d) of the termination article (§ 81.324) the contractor is to receive reimbursement on the basis of his costs applicable to the uncompleted portion of the contract regardless of an indicated loss applicable thereto. If in connection with a negotiated settlement it is desired to apply the same principle, it may be done, although, of course, the formula is not controlling when a negotiated settlement is made (see § 88.15–443 (c)). Under the inventory method no deduction is necessary for an indicated loss because the method of settlement does not deal

[1] In the case of a lump sum construction contract containing the standard termination article (§ 81.324 (a)), the profit formula for use in a formula settlement is found in paragraph (d) (3) of that article.

with the costs applicable to the completed units.

(b) Under the total cost method, however, it is necessary to adjust the amount deducted for payments for the completed units to reflect the fact that the indicated cost of these units exceeds the contract price. Thus, if a 6% loss on cost were indicated, the contract price of the completed units would represent 94% of the indicated cost. By dividing those contract prices by 94%, the indicated cost can then be determined. The deduction of the higher amount will then leave in the indicated equitable settlement only the costs applicable to the uncompleted portion of the contract. (See illustration § 88.15–454.)

§ 88.15–453 *Total cost method of computation illustrated where profit is indicated.* The total cost method of computing a guide for use by the contracting officer in reaching a negotiated settlement may be illustrated as follows:[1]

Add:		
1. Total contract costs incurred (excluding claims of subcontractors)	$1,000,000	
2. Rate of profit applicable (not in excess of indicated contract rate as determined from available data) in relation to such contract costs. For an example, this is taken at the rate of 8% (of costs[1]) which is illustrative only, inasmuch as the rate of reasonable profit will vary depending upon the facts of the particular case	80,000	
		$1,080,000
Deduct:		
3. Payments already made for completed and delivered units	600,000	
4. Payments to be made for completed units not delivered	50,000	
		650,000
5. Indicated equitable settlement for uncompleted portion of the contract before deductions for disposal credits and excluding subcontractor's charges and other adjustments		430,000

NOTE: In the foregoing example, it has been assumed that it is not necessary in the particular case to exclude from the cost base, to which the agreed percentage of profit is applied, any items of cost on the ground that they do not represent substantial work by the contractor. (See § 88.15–451 (b).) If the contract costs include any allowance for special obsolescence (see § 88.15–485), a deduction should be made from the cost base for the purpose of computing the allowance for profit. Also the example does not take into account all of the adjustments referred to in § 88.15–444 (c).

[1] In the example given above a rate of 8% of costs is equal to a rate of 7.4% of the total of costs plus profit.

§ 88.15–454 *Total cost method of computation illustrated where no profit is indicated.* Assume an indicated loss of 6 per cent on the cost of the entire contract:

Payments made and to be made for completed portion	94%	$650,000
Indicated cost of completed portion (A)	100%	691,489
Total contract costs incurred to date of termination		1,000,000
Indicated cost of completed portion (A)		691,489
Indicated equitable settlement for uncompleted portion before deduction for disposal credits and excluding subcontractors' charges		308,511
Total payments to the contractor plus the indicated amount of the settlement would then be:		
Payments made and to be made for completed portion		650,000
Indicated equitable settlement for uncompleted portion (before deductions for disposal credits and excluding subcontractors' charges)		308,511
		[1] 958,511

[1] Also before certain adjustments referred to in paragraph (c) of § 88.15–444.

§ 88.15–455 *Limitation on amount of settlement.* The amount of the negotiated settlement must not, when added to payments previously made or to be made, exceed the limit described in paragraph (g) of the termination article (§ 81.324; see § 88.15–444 (a)).

§ 88.15–480 *Necessity for determining costs.* In connection with termination settlements, it will frequently be necessary to determine the costs of the whole contract or some part thereof. Examples of this are:

(a) Paragraphs (c) and (d) of the termination article (§ 81.324) require the computation of the costs of the uncompleted portion of the contract (see paragraphs (b) and (c) of § 88.15–443).

(b) Paragraph (e) of the termination article (§ 81.324) may require the ascertainment of the costs of settlement and post-termination action approved by the contracting officer (see paragraph (d) of § 88.15–443).

(c) The total cost method of computing a guide to a negotiated settlement (see § 81.446 (b)) requires a determination of the costs of the whole contract up to the effective date of the termination notice.

The definitions set forth in the succeeding §§ 88.15–481 to 88.15–496, inclusive, provide guides for determining what items and types of costs shall be taken into account in determining the costs of the whole or any part of a terminated lump sum contract, or of any costs incurred in connection with a termination settlement of such a contract.

§ 88.15–481 *The definition of costs, general principles.* In making any accounting review (see § 88.15–424 *et seq.*), or in the preparation of accounting reports for the information and guidance of the contracting officer, the definition of costs outlined in § 88.15–481 to 88.15–496, inclusive, will be utilized. This definition is intended to include those costs incurred which are necessary for the performance of the contract, are reasonable in amount, are properly allocable to the contract or the portion thereof under consideration, and are stated in accordance with recognized accounting practices. The failure specifically to enumerate any element of cost is not intended to exclude any element of cost fairly to be included in accordance with the general principles stated in this section. The contracting officer has the sole authority to negotiate a settlement in an amount reasonably necessary to compensate the contractor for his work in respect to the uncompleted portion of the contract (insofar as it is terminated) and the definition of costs contained herein does not limit his range of action in such negotiations.

§ 88.15–482 *Indirect expenses.* For the purpose of the termination article, costs may include, in addition to those directly chargeable to the contract, a proper proportion of indirect expenses or overhead.

§ 88.15–483 *Depreciation.* So far as found by the contracting officer properly to be allocated to the contract, there may be included as an element of cost, in accordance with recognized accounting practices, a reasonable allowance for depreciation at appropriate rates based on wear and tear of machinery and equipment and similar facilities, including obsolescence due to such progress in the arts and other such factors as are ordinarily given consideration in determining such depreciation rates. In respect of facilities covered by necessity certificates issued pursuant to section 124 of the Internal Revenue Code, the rate of amortization allowed under that section shall not be controlling and is not relevant for the purpose of computing rates of depreciation or obsolescence.

§ 88.15–484 *Engineering and development and special tooling.* Costs of engineering and development and of special tooling designed, purchased or produced by the contractor (including but not limited to costs of special tooling of the type of jigs, dies, fixtures, patterns and similar items) may be included to the extent that the contracting officer finds that such costs, in accordance with recognized accounting practices, are properly allocable to the contract.

§ 88.15–485 *Obsolescence; conditions on allowance.* If the contractor has claimed reimbursement for the whole or any part of the cost of any machinery, equipment or other facility in excess of the allowance for depreciation as defined in § 88.15–483 above, because of the loss of useful value occurring during the performance of the contract or arising from the termination of the contract for the convenience of the Government, such claims, determined in accordance with recognized accounting practices, may be included to the extent that the contracting officer finds that such facility was acquired for the performance of the contract, or the contract and other contracts, and the loss of useful value has in fact clearly occurred and is properly allocable to the terminated contract and provided that the contractor agrees to

protect and does protect the interest of the Government in such cases by transfer of title to the Government, by standby agreement or any other manner judged to be appropriate by the contracting officer (cf. § 81.1007 *et seq.*).

§ 88.15–486 *Obsolescence and certain other costs; limitation.* In no event shall the aggregate of the amounts allowed under §§ 88.15–484 and 88.15–485 be greater than the contract price payable, if the contract had been completed, less the amount of all costs which the contracting officer estimates would have been required to perform the contract completely, excluding from costs any allowance under §§ 88.15–484 and 88.15–485.

§ 88.15–487 *Advertising.* Advertising expense will not be allowed as a direct charge but a proper proportion of institutional advertising expense may be included.

§ 88.15–488 *Experimental and research expense.* A proper proportion of experimental and research expenses may be allowed as determined in accordance with recognized accounting practice.

§ 88.15–489 *Excise taxes.* A proper portion of franchise taxes and excise taxes, including the Federal capital stock tax, but not the declared value excess profits tax, may be included where appropriate as determined in accordance with recognized accounting practice.

§ 88.15–490 *Common items.* The cost of "common items" (raw materials or work in process) (see § 88.15–150 (b)) may be allowed to the extent that the quantities of such items have been properly allocated between the work under the contract and other work.

§ 88.15–491 *Settlement expenses.* Accounting, legal, clerical and other expenses necessary in connection with the discontinuance and termination of the contract and subcontracts thereto, other than in connection with litigation of claims against or asserted by the Government, may be included.

§ 88.15–492 *Mitigation of losses.* Costs incurred with the approval of the contracting officer in mitigating losses resulting from termination and for the protection, removal, storage, transportation, sale and disposal of property which the contractor acquired or produced for the purposes of the contract may be included.

§ 88.15–493 *Interest.* In those cases where the settlement proposed by the contractor does not provide for any allowance for profit, there may be included interest paid on borrowings, such as "V" loans, Government advances and other loans to the extent that such borrowings were used and were necessary for the performance of the contract (or the portion thereof under consideration) and can be definitely related thereto. In no case shall the interest expense allocated to cost of other work be less than the interest expense which can be definitely related to such other work.

§ 88.15–495 *Excluded costs.* Without affecting the generality of the foregoing in other respects, amounts representing the following should not be included as elements of cost:

(a) Any costs attributable to supplies and other things which are undeliverable because of destruction or damage whether or not because of the fault of the contractor, except to the extent that the Government has assumed, by express provisions of the contract, specific risks of loss, destruction or damage of or to such supplies or other things. This paragraph shall not be construed as depriving the contractor of a reasonable allowance on his costs for normal spoilage in manufacture.

(b) Losses on other contracts, or from sales or exchanges of capital assets (except as provided in §§ 88.15–484 to 88.15–486); legal and accounting fees in connection with reorganization, anti-trust litigation and prosecution of federal income tax claims or other claims against the Government (except as provided in § 88.15–491); losses on investments; provisions for contingencies; federal income and excess profits taxes, and fines and penalties arising from failure to perform Government contracts.

(c) The expense of conversion of the contractor's facilities to uses other than the performance of the contract.

(d) Expenses found by the contracting officer to be due to the negligence or wilful failure of the contractor to discontinue with reasonable promptness the incurring of expenses after the effective date of the termination notice.

(e) Costs found by the contracting officer to have been incurred in respect to facilities, materials or services purchased or work done in excess of the reasonable quantitative requirements of the contract after fair allowance for spoilage in manufacturing.

§ 88.15–496 *Allocation of starting load costs.* "Starting load costs" on supply contracts, in appropriate cases are properly to be spread, in accordance with recognized accounting practices, over the contract as a whole and allocated in part to the uncompleted portion of the contract. (See §§ 81.324 (a) (2) and 88.15–451 (a),

"Starting load costs" are non-recurring although the benefits of the expenditure are spread throughout the life of the contract. The mere fact that a non-recurring cost has been incurred during the period in which completed articles were produced does not mean that the whole amount of that cost must be absorbed in the cost of such completed articles. Only a proper portion of such costs allocated in accordance with recognized accounting practices, need be attributed to the cost of such completed articles. The remainder may be allocated over the uncompleted portion of the contract and such portion of that remainder may be regarded as a cost on termination. The foregoing also applies, within reasonable limits as determined by the contracting officer, to an initial high rate of rejects or of machine breakdowns and similar factors of expense and delay in the early stages of a contract, non-recurring in nature, where such factors, in the opinion of the contracting officer, are reasonably due to the contractor's unfamiliarity with the work, the complexity of the work, or other factors warranting such allocation over the whole contract.

INTERIM FINANCING OF TERMINATIONS

§ 88.15–500 *War Department policy.* Subject to the provisions of §§ 88.15–504 to 88.506 (b) (relating to the protection of the Government's interest in advance payments and guaranteed loans made prior to giving notice of termination) chiefs of technical services will pursue a vigorous policy:

(a) Of making prompt partial payments to contractors on account of amounts owing to them in connection with termination settlements, not only on account of work which prime contractors themselves have done, but to enable them to make payments on account of their commitments to subcontractors, and

(b) Of making proper use of available advance payment balances to alleviate financial hardship attendant upon termination, pending the final determination of termination charges.

Many war contractors and subcontractors are greatly overextended and are doing a volume of business wholly out of proportion to their working capital. They may suffer acute financial embarrassment if they do not receive very promptly a substantial part of the amounts owing to them on terminated contracts. Such interim financing is essential in order to provide ready working capital for such contractors and subcontractors quickly so that they will be enabled immediately to carry on or convert to other war work or, in the event of post-war termination, to undertake other productive work. The importance of making every reasonable effort to effect partial payments at the earliest possible date cannot be overemphasized.

§ 88.15–501 *Partial payments to prime contractors*—(a) *Authority.* The making of partial payments on account of the amounts due to the contractor in the event of termination, either total or partial, is authorized by paragraph (i) of the standard termination article (§ 81.324) for use in lump sum supply contracts.[1] Such payments may be made, therefore, wherever a contract originally contains this article or is amended to contain it and should be made promptly wherever circumstances warrant such action.

(b) *Criteria.* Partial payments are authorized to be made wherever the contractor and the contracting officer agree that:

(1) At least the amount of the proposed partial payment is clearly due in connection with the termination, and

(2) Such amount is payable without prejudice to the determination of any of the other items involved in the determination.

[1] A similar provision is found in the standard termination article for use in lump sum construction contracts. The provisions of §§ 88.15–500 to 88.15–506 are applicable to the termination of lump sum construction contracts containing the standard termination article (§ 81.324 (a)).

Subject to the provisions of §§ 88.15–504 to 88.15–506 (b), partial payment in the agreed amount may be made as soon as these two determinations have been made.

(c) *Basis for determination.* Contracting officers are authorized to make determinations as to the amounts of partial payments to be made on the basis of such evidence as they deem proper in the circumstances. Ordinarily, it can be ascertained fairly promptly and without any exhaustive audit that the contractor will be entitled to receive at least some minimum amout on the terminated contract. This amount, or some substantial part of it, should be paid to the contractor on account as promptly as possible. Such payment will be warranted upon (1) the presentation of accounting information, as to the whole or any part of the terminated contract supported by reasonable schedules, certified by the contractor, showing that at least some stated amount is owing to him in connection with the termination, and (2) upon written determination by the contracting officer after a limited accounting review that the amount to be paid is less than the amount due to the contractor by reason of the termination. Ordinarily, in making such limited review the contracting officer should rely on the certifications of independent public accountants, where such certified statements are available, with respect to accounting information submitted by the contractor, and should act promptly upon the basis of other types of financial data which he deems reliable. Usually, in connection with the making of partial payments, it should not be necessary for the contracting officer to require that accounting data be certified by independent public accountants.

(d) *Conditions which may be imposed in connection with partial payments.* (1) Contracting officers in making partial payments on the basis of a partial statement of termination charges and request for partial payment submitted by the contractor, may require that any or all of the following conditions be met by the contractor:

(i) The submission of a partial statement of costs and termination charges certified as correct by at least two duly authorized officers of the contractor (one of which should be the chief accounting officer), in the case of a corporation; and by at least two members in the case of a partnership.

(ii) A statement by the contractor that the payment requested has not been assigned, or if it has been assigned, that the assignee has consented in writing to the making of the payment. Direct payment to an assignee may be made, if otherwise authorized.

(iii) Statement by or in behalf of the contractor that all statements of fact and representations made in the request for payment, the partial statement of charges and the schedules in support thereof are true and correct and that they are made subject to the penalties provided in section 35A of the United States Criminal Code as amended April 4, 1938, 50 Stat. 197, (18 U.S.C. 80).

(2) The extent to which the contracting officer will require these conditions to be met in any case is left to his discretion subject to such regulations or instructions as the chief of the technical service may issue.

§ 88.15–502. *Partial payments for the benefit of subcontractors—*(a) *Direct payments not authorized.* Except with the written consent of the prime contractor, contracting officers are not authorized to make partial payments directly to subcontractors, vendors or suppliers whose subcontracts or purchase orders have been terminated or cancelled as a result of the termination of a prime contract with the War Department.[1] This is based on the following reasons (see § 88.15–325 (b)):

(1) There is no direct contractual relationship between the Government and the subcontractor.

(2) There is no assurance that counterclaims and set-offs by the prime contractor (or by intermediate subcontractors) against the subcontractor in question will have been taken into account by the contracting officer in making partial payment.

(3) There is no assurance that the amounts of such partial payments will be taken into account in determining the amount due the prime contractor.

(4) The administrative difficulties involved in attempting to deal directly with subcontrators will tend to delay the settlement of terminated contracts.

(b) *Partial payments through prime contractor.* (1) Such partial payments for the benefit of subcontractors can be made through the prime contractor and should be so made as promptly as is practicable. Where it is desired to do this the contracting officer may make a partial payment to the prime contractor based upon the contracting officer's approval of the settlement of the whole or some part of the amount due from the prime contractor to the subcontractor in connection with the uncompleted portion of the terminated contract.[2]

(2) Ordinarily partial payments to the prime contractor (intended to put him in funds or to reimburse him for partial payments to a subcontractor) will be made simply as payments on account to the prime contractor. In some cases, however, it may be desired to make such a payment in trust for the subcontractor or for the benefit of a specific second tier or more remote subcontractor or supplier. To accomplish this, an agreement supplemental to the prime contract, in substantially the form set forth in § 88.15–921, may be entered into among the following parties: the Government, the prime contractor, the subcontractor who is to receive the partial payment, and any intermediate subcontractors. Under this form of agreement,

(i) All of the parties will agree that the payment (which may be for all or part of the subcontractor's termination charges), may be made;

(ii) That it is within the amount clearly owing on account of the termination of the prime contract, to the subcontractor who is to receive the payment, and to the prime contractor and each intermediate subcontractor, if any;

(iii) The parties will warrant that no set-offs or counterclaims are outstanding against the subcontractor who is to receive the payment;

(iv) All the parties will give releases for the benefit of the Government, to the extent of the payment made, and will agree not to seek further reimbursement of this amount by reason of the termination. The payment is then made to the prime contractor but on account of, and in trust for, the subcontractor who is ultimately to receive it. It should be noted that the use of this arrangement continues the policy of creating no direct obligation on the part of the Government to any subcontractor.

The contracting officer makes payment only to the prime contractor, who presents the subcontractor's request for the partial payment and passes the payment on to the subcontractor when it is made.

(3) Contracting officers are also authorized to make such partial payments (intended for particular subcontractors) through prime contractors for the benefit of subcontractors by means of any other less formal arrangement which, in their opinion, will adequately protect the interests of the Government, especially with respect to any set-offs or counterclaims which may exist against the subcontractor who is ultimately to receive the partial payment (or against any intermediate subcontractor) and which might affect the amount owing to the person receiving. Such protection may, in some cases, be secured through the use of appropriate language in the invoice or voucher submitted by the contractor for such partial payment.

(c) *Determination of amount of payment.* The provisions of § 88.15–501 (c) will be applied in determining the amount of a partial payment for the benefit of a subcontractor. However, the prime contractor, in accordance with the provisions of § 88.15–451 *et seq.*, will make his own review of the subcontractor's statement of termination charges, which may be a partial statement of such charges, and that statement may be checked to such extent by Government accounting personnel as the contracting officer may deem appropriate. The contracting officer may give consideration and appropriate weight to reviews made by the prime contractor and the prime contractor's recommendation. He should place suitable reliance also upon any relevant reports which may be available, prepared by independent public accountants.

(d) *Conditions on partial payments for the benefit of subcontractors.* In connection with any partial payment to a prime contractor for the benefit of any subcontractor or supplier, the contracting officer may impose such conditions, of the type mentioned in § 88.15–501 (d),

[1] Some cost-plus-a-fixed-fee contracts, however, expressly authorize such payments. The text does not apply to such contracts.

[2] This would be with respect to any part of the terminated contract in the case of a lump sum construction contract containing the standard termination article for use in such contracts (§ 81.324 (a)).

upon the prime contractor or upon any subcontractor receiving the payment as he may, in his discretion, consider proper.

§ 88.15–503 *Advance payments.* Advance payments previously authorized in connection with the performance of a terminated contract may also be utilized to finance terminations, either total or partial, provided that the contracting officer determines that such advances, in addition to those previously made, will be less in amount than the estimated termination charges. The release of such advance payments from special bank accounts is authorized since liquidation of the amount due on termination is within the purposes of the contract. This method may be used in addition to, or in substitution for, partial payments, subject to the provisions of §§ 88.15–504 to 88.15–506 (b).

§ 88.15–504 *Liaison with advance payments and loan or contract financing section of the technical service.* The Advance Payments and Loan Section, the Contract Financing Section, or the District Financial Officer of the office of the contracting officer concerned (or any other section or officer discharging responsibilities with respect to the financing of contracts by advance payments, guaranteed loans or other methods) will be notified promptly by the contracting officer that a contract has been or is about to be terminated, either in whole or in part, so that consideration may be given to the effect of such termination on the financing program, if any, previously worked out in connection with the terminated contract and any other contracts held by the contractor. In the case of guaranteed loans or direct Government loans, such financing sections or officers will furnish the necessary information with respect to the termination to the Liaison Officer of the Advance Payments Loan Branch stationed in the appropriate Federal Reserve District. Thereafter the closest liaison will be maintained by the contracting officer with such persons during the progress of the termination settlement.

§ 88.15–505 *Consent of surety or guarantor to partial payments; rights of assignees.* Where a contractor who has received Government financing (in the form of an advance payment or a guaranteed loan) requires partial payments in connection with the settlement on the termination of his contract, proper notice thereof will be given to, and consents obtained from, any surety or guarantor on the instruments previously offered as security for such Government financing. Where assignments of amounts due under the contract have been made, partial payments can be made only consistently with the assignment.

§ 88.15–506 *Partial payments where contractor has Government financing—* (a) *Government financing by advance payments.* Ordinarily, the Government's principal security for an advance payment is the contract itself. Advances are liquidated by *pro rata* liquidating deductions from payments made by the Government for goods delivered and accepted. When a contract is terminated in whole or in part, the number of units to be delivered is decreased and the security for the advances is diluted accordingly. In effect, termination costs are substituted as security for the eliminated contractual units. Partial payments on account of a termination settlement without a commensurate deduction of a *pro rata* portion of outstanding advances diminishes the security. Advance payments, therefore, should ordinarily be liquidated from amounts paid in settlement of a termination.

(b) *Government financing by guaranteed loan.* Compliance with § 88.15–504 will ordinarily provide sufficient protection to the Government where guaranteed loans are involved. The contracting officer will thus be apprised of any outstanding V-Loan to the contractor and of any recommendation with respect thereto which the Liaison Officer in the Federal Reserve District may have and the Liaison Officer will be apprised of the termination. Frequently, such early notification may enable the bank, which has made the loan, to obtain or call for an assignment of the contract where such assignment has not previously been made. Such action may prevent a call on the War Department to participate in the loan to the extent of its guarantee agreement.

NEGOTIATION OF SETTLEMENTS

§ 88.15–530 *General.* The negotiation of a settlement of the amount to be paid to a contractor with respect to the uncompleted portion of a terminated lump sum supply contract[1] is primarily a problem calling for the exercise of sound business judgment by the contracting officer and the members of his staff participating in such negotiation. The negotiation should be carried on in the light of available accounting and other relevant data and as a business negotiation to be completed speedily and equitably.

§ 88.15–531 *Authority of the contracting officer.* The contracting officer, in determining a proper settlement under the standard termination article for use in lump sum contracts (§81.324) providing for a negotiated settlement of the uncompleted portion of the contract[1] is given a very wide range of discretion and may act upon such evidence as is satisfactory to him under all the circumstances, with a view to reaching a fair adjustment expeditiously and with a minimum of technicality. He may allow the contractor by way of settlement such amount as will, in his judgment, give to the contractor fair, full and reasonable compensation for the contractor's costs, expenditures, liabilities and commitments incurred in connection with the uncompleted portion of the contract, together with such reasonable allowance for profit on the uncompleted portion of the contract as the contracting officer deems just and equitable and as affording to the contractor, under all the circumstances, such profit as the contractor has actually earned by work in fact done on the uncompleted portion of the contract (see § 88.15–449).

§ 88.15–532 *General criteria and guides for the contracting officer.* The negotiated settlement gives the contracting officer maximum flexibility in working out with the contractor a fair settlement of the amount due on the uncompleted portion of the contract under the standard termination article (§ 81.324) for use in lump sum supply contracts.[1] To arrive at such a fair settlement, however, the contracting officer will make use of all relevant and available guides as to what constitutes an equitable amount to be paid to the contractor. The principal accounting guides are discussed in § 88.15–445 and following sections. It is to be emphasized that none of such guides and no report of the accounting personnel (see §§ 88.15–434 and 88.15–451 (c)) shall be regarded as controlling any such settlement but merely as providing assistance to the contracting officer in connection with the determination of the appropriate amount of such a settlement.

§ 88.15–533 *Preparation for negotiation conferences with contractor.* In preparing for negotiation conferences with representatives of the contractor, the contracting officer or his representatives, and any appropriate members of his staff who will participate in such conferences,

(a) Should familiarize themselves completely with all available information concerning the particular termination;

(b) Should consider, as fully as possible, and in advance, all accounting, legal and other problems which are likely to arise in the course of the negotiation, and

(c) Should have determined what steps should be taken to coordinate the termination settlement with statutory renegotiation with the contractor (see §§ 81.551 to 81.551 (b)).

Such preparatory work will facilitate the progress of the negotiation and will enable the contracting officer and his staff promptly to pass upon the contentions of the contractor in connection with the settlement.

§ 88.15–534 *Negotiation conferences and personnel.* The negotiation conferences with the contractor should be attended by such representatives of the contracting officer as may be concerned with the subject matter of the particular conference. Such representatives should include, where necessary, a negotiator and legal, accounting, technical and property disposition advisers. So far as possible, personnel in each of these categories should be assigned to specialize in work on terminations so that an experienced and trained staff will be available to assist the contracting officer. Such personnel should therefore be chosen with extreme care. The negotiator (see §§ 88.15–322) will normally be

[1] In negotiating a settlement of a lump sum construction contract under the standard termination article for use in such contracts § 81.324 (a), the settlement, of course, relates to the whole contract rather than to the uncompleted portion only, as in the case of a lump sum supply contract (see § 81.324).

the representative of the contracting officer with respect to each negotiation as a whole, so that his recommendations will undoubtedly carry special weight in the ultimate settlement. The extent of the contracting officer's personal participation in such negotiation conferences is a matter for his own discretion, in the light of the complexity of the termination, the problems to be discussed at a particular conference and similar factors.

§ 88.15–535 *Where prime contractor cannot settle with one or more subcontractors.* Where the prime contractor is unable to effect a settlement, which the contracting officer will approve, with one or more subcontractors, the settlement agreement between the Government and the prime contractor may exclude the amounts due to such subcontractors from the negotiated settlement, leaving to later determination the question of the payment to be made to the prime contractor with respect to such subcontracts. In appropriate cases, with the written approval of the chief of the technical service, acting personally or through the settlement review committee, the Government in the settlement agreement with the prime contractor may assume and agree to pay the obligation of the prime contractor with respect to such subcontracts, so far as related to the uncompleted portion of the terminated prime contract, and subject to the proviso that the total payments under the terminated prime contract shall not in any event exceed the maximum limit set by paragraph (g) of the termination article (§ 81.324 and § 88.15–444 (a)). In the event of such an assumption of the prime contractor's obligation, the settlement agreement shall include suitable provisions requiring the contractor (a) to give prompt notice to the contracting officer of the commencement of any litigation with respect to the obligation, and (b) to permit the Government to assume the defense of such litigation as a condition of the Government's liability (see § 88.15–321 (g)). Similar arrangements may be made where a subcontractor cannot make settlement with one or more second tier or more remote subcontractors.

§ 88.15–536 *Review of termination settlements by settlement advisory section and settlement review committee.* Pursuant to § 88.15–537, each final termination settlement will be embodied in a supplemental agreement to the contract being terminated. Prior to the execution of such supplemental agreement by the contracting officer, each agreement for a payment over $5,000 will be submitted for review and recommendation to the appropriate settlement advisory section and, if necessary, to the settlement review committee of the technical service, all as provided in § 88.15–220.

§ 88.15–537 *Supplemental agreement.* When the contracting officer and the contractor reach an agreement as to the total amount payable to the contractor in connection with the termination of a contract, subject to the provisions of §§ 88.15–220 and 88.15–536, the contracting officer and the contractor shall proceed to enter into a supplemental agreement for the final termination of the contract. Such supplemental agreement shall be substantially in the form set forth in § 88.15–931, and will (a) recite that it is made pursuant to the First War Powers Act, 1941, and Executive Order No. 9001, and (b) be entered into consistently with any applicable requirements of §§ 81.301 to 81.308g, inclusive, of procurement regulations. Any such final settlement agreement pursuant to this authority will ordinarily constitute an amendment made for adequate consideration. Accordingly, in the absence of unusual provisions in the particular supplemental agreement, no approval by the Director, Purchases Division, Headquarters, Army Service Forces, of any such settlement agreement is required by § 81.308a of procurement regulations. Approval by the Director, Purchases Division is not required merely because the amount of the settlement exceeds $5,000,000 or any other amount. The consent to such agreement of any assignee of the amounts payable under the contract should be obtained.

(a) *General provisions.* In the case of a lump sum supply contract containing a termination article substantially in the form set forth in § 81.324 of procurement regulations[1] such agreement shall provide for the payment to the contractor, subject to any deductions set forth in § 88.15–537 (b), of the sum of:

(1) The agreed amount on account of the uncompleted portion of the contract; and

(2) All as more fully provided in the contract, (i) the contract price, to the extent unpaid, of all supplies (including spare parts, drawings, information and other things) which have been completed and delivered, or work performed, in accordance with the provisions of the contract and title to which has been transferred to the Government; (ii) the agreed amount for, or reimbursement of, expenditures made and costs incurred by the contractor subsequent to the receipt of the termination notice for the protection of Government property; and for such other expenses and costs as may be necessary in the settlement of the contract. (see § 88.15–443 (d)).

(b) *Deductions and reservations.* The settlement agreement should take into account the following

(1) *Renegotiation.* It should be specifically stated whether and to what extent the terminated contract and the settlement agreement is to be exempted from subsequent renegotiation (see § 88.15–551 *et seq.* and § 81.1204 (i)).

(2) *Deductions for damaged property and defects.* A reasonable deduction should be made for damaged property (see § 88.15–444 (b)), defects of materials and workmanship (§ 88–444 (c)) in property title to which is to be transferred to the Government, or which has been sold at the direction of the contracting officer in connection with the termination settlement, to the extent that this factor has not otherwise been taken into account adequately in connection with the negotiation.

(3) *Deductions for Government claims in connection with the contract.* The agreement should cover any set-offs and counter-claims which the Government may have in connection with the contract (see § 88.15–444 (c)).

(4) *Disposal credits.* The agreement or the settlement itself should take into account credit to the Government for the sales price or agreed price of any property sold or retained by the contractor at the discretion of the contracting officer in connection with the termination settlement (see § 88.15–350 *et seq.*).

(5) *Provisions to protect subcontractors and suppliers.* In the discretion of the contracting officer, the amount of the settlement may cover or may be made subject to deduction to meet the unsettled claims asserted by any person for labor, supplies, or materials. The agreement may make such provision, for direct payments to the claimants, escrow payments or otherwise, as the contracting officer may deem proper, to ensure the payment of such claims (see § 88.15–444 (c)).

(6) *Reserved rights.* Rights of the Government and of the contractor, which are to be reserved and are not to be affected by the settlement agreement should be specified to the extent reserved, as for example:

(i) Rights under contract provisions relating to inventions, patent rights, patent infringements, licenses and reproduction rights;

(ii) The right of the Government to effect an adjustment of patent royalties under the provisions of Public Law 768, 77th Congress, and

(iii) The rights of either party under options, covenants not to compete, covenants of indemnity, and facilities agreements.

(7) *Maximum limit.* The agreement shall not provide for payment in excess of the maximum limit on compensation stipulated in the applicable termination article (see § 88.15–444 (a)).

(8) *Offsets and credits for payments previously made.* All offsets mentioned in § 88.15–444 (c) and all advance, progress, partial and other payments previously made will be taken into account appropriately.

§ 88.15–550 *Relation of termination to statutory renegotiation.* (a) Termination procedures should be closely coordinated in all respects with statutory renegotiation, because:

(1) Terminations directly affect renegotiation proceedings for the fiscal period in which the settlement is made, and

(2) In some cases, the revenue and costs of a contract (later terminated) for a fiscal period closed prior to the termination settlement may have been taken

[1] The settlement agreement for use in connection with lump sum construction contracts containing a standard termination article (§ 81.324 (a)) is mentioned in §§ 88.15–601 and 88.15–602 and a form of such agreement is set out in § 88.15–932.

into account previously in a completed over-all renegotiation for such fiscal period in a manner which should be given consideration in the termination settlement, and

(3) The several chiefs of technical services have been given authority to exempt from statutory renegotiation termination settlements and the contracts and contractual instruments which have been terminated (§ 81.1204 (i)).

(4) Contracting officers and accounting personnel will take full advantage of accounting and cost information in the possession of the Price Adjustment Board or section charged with renegotiation dealings with a contractor whose contract has been terminated and will keep that board or section fully informed as to the information developed in connection with the termination settlement.

§ 88.15–551 *Exemption from statutory renegotiation on terminated lump sum contracts.* In the case of terminated lump sum contracts the procedures outlined in paragraphs (a) and (b) of this section, will be followed in reconciling negotiated settlements of the whole or any part of the amounts due in connection with the terminations of such part of the amounts due in connection with the terminations of such contracts with the statutory renegotiation with the contractor concerned for the fiscal periods during which the terminated contract was in process of performance or settlement.

(a) *Where the termination settlement precedes over-all statutory renegotiation.* Whenever a lump sum contract has been terminated for the convenience of the Government and costs have been incurred in connection therewith during a fiscal period or periods which will later be subject to over-all statutory renegotiation, the contracting officer will take the following action in connection with the termination settlement:

(1) The contracting officer in the exercise of the authority granted by § 81.1204 (i) will determine in his discretion whether or not to exempt payments made on the termination settlement from statutory renegotiation. Ordinarily he will not do this unless the contractor requests that it be done.

(2) If the settlement payments are to be exempted from statutory renegotiation, the contracting officer will then determine all the revenue and costs from the terminated contract for such fiscal period and furnish such figures to the Price Adjustment section to which the contractor is assigned for statutory renegotiation. That Price Adjustment section will then exclude such revenue and costs of the terminated contract, in the amount as determined by the contracting officer, from consideration on over-all statutory renegotiation.

(3) If the contracting officer in his discretion decides not to exempt the terminated contract from statutory renegotiation, he will advise the appropriate Price Adjustment section of his action. He will also furnish it with any information gathered in connection with the termination settlement, which may be of assistance in connection with renegotiation. In such case, any payments made to the contractor in connection with the termination settlement will be taken into account in the statuory renegotiation for the fiscal period in which such payment is made.

(b) *Where the termination settlement has not been effected when statutory renegotiation takes place.* Whenever one or more of the lump sum contracts to be taken into account in an over-all statutory renegotiation of a contractor has been terminated for the convenience of the Government but no termination settlement has been made by the time that statutory renegotiation takes place, the following action will be taken:

(1) The Price Adjustment section in charge of the statutory renegotiation with the particular contractor and the contracting officer or his representative will confer informally and arrange for a proper coordination of the renegotiation proceedings with the termination proceedings.

(2) Upon the determination of the amounts due to the contractor as a result of the settlement of such terminated contract or contracts, the contracting officer, subject to the terms and conditions contained in § 81.1204 (i) will either grant or withhold exemption from statutory renegotiation of the payments made upon the termination settlement. The contracting officer will notify the appropriate Price Adjustment section of his action with respect to such exemption. He shall also certify to such section, in reasonable detail, the amount of payments made or to be made in connection with the termination settlement.

(3) If such exemption is not granted, the Price Adjustment section shall take into account the amount of such termination settlement in the statutory renegotiation with the contractor covering the fiscal period in which such termination settlement and payments were actually made, except to the extent that the estimated amount of such payments has already been taken into account in connection with renegotiation proceedings. (See subparagraph (1) of this paragraph (b)).

(c) *Standards to be applied in making settlements which are to be from statutory renegotiation.* Where exemption from statutory renegotiation is granted pursuant to § 81.1204 (i), consideration in making termination settlements will be given to the principles set forth by the War Department Price Adustment Board with respect to the determination of excessive profits, so far as those principles are applicable in any particular case.

§ 88.15–552 *Settlement in connection with other termination settlements affecting the same contractor.* Settlement of the amount due by reason of the termination or partial termination of a particular contract in the discretion of the contracting officer, and with the approval of the contractor, may be made in connection with similar settlements of amounts due under other terminated contracts with the same contractor. Where such action is taken, accounting work should be consolidated to the greatest practicable extent. The several settlement agreements, or a single over-all settlement agreement covering the contracts in question, should apportion the total amount of the settlement to the several contracts on some reasonably satisfactory basis (see T. A. M. 1111). In such cases precise allocation of costs to particular contracts will serve no useful purpose, will not decrease termination charges and will merely increase administrative work.

§ 88.15–560 *Where settlement by negotiation proves impossible; formula settlement.* Where settlement by negotiation of the amount due with respect to the uncompleted portion [1] of the contract proves to be impossible, settlement will be made by formula. This will usually require additional accounting examination of the prime contractor's costs. Such additional examination will be made in compliance with § 88.15–421 (b). Settlements with subcontractors made with the approval of the contracting officer, prior to the breakdown of negotiations, need not be reexamined but the settlement cost may be reimbursed to the contractor under paragraph (d) (2) of the termination article as part of a formula settlement.

§ 88.15–561 *Disputes.* Questions of fact relating to termination settlements are subject to determination by the contracting officer subject to appeal by the contractor under the usual disputes article (§ 81.326) and in accordance with its provisions. However, the contracting officer in his absolute discretion may refuse to agree to make a negotiated settlement of the whole or any part of the amount due upon a terminated lump sum contract, and his action in so refusing is not subject to appeal under the disputes article.

LUMP SUM CONSTRUCTION CONTRACTS

§ 88.15–600 *Introductory.* The policies and procedures set forth in §§ 88.15–300 to 88.15–599 shall in general be considered as guides for, and applicable to, the termination of lump sum construction contracts. In some instances the strict application of those policies and procedures will not be possible because the lump sum construction contract termination article § 81.324 (a) varies in some respects from the lump sum supply contract termination article § 81.324. The outstanding variations are indicated in § 88.15–601.

§ 88.15–601 *Variances in provisions of lump sum construction and lump sum supply termination articles.* Some of the outstanding differences in provisions of these articles are as follows:

(a) The lump sum supply termination article § 81.324 is operative only as to the uncompleted portion of the contract while the lump sum construction termination article § 81.324 (a) is operative as to all the work covered by the contract.

[1] The amount due with respect to the whole contract may be settled by negotiation in the case of a lump sum construction contract containing the standard termination article (§ 81.324 (a)).

(b) In determining what constitutes a proper negotiated settlement under a lump sum contract the entire contract must be considered and not merely the uncompleted portion of the contract.

(c) The lump sum supply termination article specifically provides for delivery to the Government, f. o. b. a stated point, such property acquired in connection with the contract as the contracting officer may direct, while the lump sum construction termination article contemplates delivery of such property at the project site.

(d) Even though the lump sum construction contract has been let on a unit price basis the provisions of paragraph (a) above are applicable.

§ 88.15–602 *Consideration of certain principles peculiarly applicable to termination of lump sum construction contracts.* (a) The policy set forth in § 81.15–311 (b) should be adhered to in terminating lump sum construction contracts.

(b) The instructions contained in the last sentence of § 81.15–325 (b) should be observed.

(c) As is true in connection with the terminations of lump sum supply contracts it is not intended in negotiating the termination of lump sum construction contracts that the contractor is to be allowed any prospective profit on work not done. (§ 88.15–499)

(d) In all lump sum construction contracts there is a "mobilization cost" which bears many resemblances to the "starting load costs" of lump sum supply contractors. (§ 88.15–496)

(e) The principles expressed in § 88.15–315 are pertinent to military lump sum construction contracts but not applicable to River and Harbor and Flood Control lump sum construction contracts.

§ 88.15–603 *Clause providing for sale of Government property by contractor.* When the lump sum construction termination article is altered to make provision for sale of Government-owned property by the contractor, the clause set forth in § 88.15–376 (b) should be altered by adding the following sentence to the end thereof: "The provisions of this paragraph (d) shall not be considered as operative as to any property which has been attached to and is a part of real estate."

§ 88.15–604 *Notice of termination and request for negotiated settlement.* When the contract contains or has been amended to contain an article substantially in the form set forth in § 81.324 (a), the notice of termination and request for a negotiated settlement shall be in conformity with § 88.15–912 (a) of this regulation.

§ 88.15–605 *Suspension procedure.* If after consideration of all factors it is deemed advisable to suspend work under a contract without terminating the contract in its entirety, a supplemental agreement shall be negotiated to compensate the contractor for all completed work plus an equitable amount representing the expense of demobilizing contractor's plant and organization. Such supplemental agreement shall also provide for a redetermination of the contract price applicable to the remainder of the work to be performed under the contract; the redetermination to be made at the time resumption of work is requested by the Government. A supplemental agreement of this type shall also contain the standard article providing for termination for the convenience of the Government (§ 81.324 (a)), if the contract does not already contain such an article substantially in the form currently prescribed, so that, if the Government later deems it advisable to complete the project or work through another contractor, or abandon the work entirely, the contract may be terminated in accordance with its terms. The supplemental agreement shall also provide that, in case of disagreement between the contracting officer and the contractor as to the contract price applicable to the remainder of the work at the time the Government desires resumption of the work, the contract shall be terminated in accordance with the termination for the convenience of the Government article incorporated therein by uch supplemental agreement. This procedure will be particularly pertinent to lump sum construction contracts for civil work. Supplemental agreements effecting a suspension of the performance of contracts as contemplated in this paragraph shall be executed subject to the approval of the Chief of Engineers.

Cost-Plus-a-Fixed-Fee Contracts

General

§ 88.15–650 *Distinction between termination articles of cost-plus-a-fixed-fee contracts and lump sum contracts.* (a) The termination of cost-plus-a-fixed-fee contracts presents a number of problems different from those presented by the termination of lump sum contracts. The differences rest upon the nature of a cost-plus-a-fixed-fee contract as one under which the Government obligates itself to reimburse the contractor for all of stated categories of costs incurred by him and to pay him a fixed fee in lieu of; and usually smaller than, a normal profit upon a lump sum contract; and the special provisions of the termination articles usually found in such contracts. Since the termination articles are for use in contracts being carried out on a cost basis, they provide primarily for:

(1) Discontinuance of the contractor's performance,

(2) Transfer to the Government (or other appropriate disposition) of property in the hands of the contractor which has been acquired for the contract,

(3) Payment of the contractor's costs so far as not already paid, and

(4) Adjustment of the fixed fee in the light of the reduced amount of work.

Many of the articles also provide for the assumption of the contractor's liabilities and commitments related to the contract.

(b) The discussion in §§ 88.15–650 and 88.15–651 relates primarily to the termination of cost-plus-a-fixed-fee supply contracts. However, the procedures herein discussed are in many instances equally applicable to cost-plus-a-fixed-fee construction contracts (see § 88.15–659 *et seq.*).

§ 88.15–651 *Steps in the termination of cost-plus-a-fixed-fee contracts.* Termination of each cost-plus-a-fixed-fee contract will be made in accordance with the provisions of the termination article in such contract. However, the following general steps listed in the following paragraph will be applicable to any termination of a cost-plus-a-fixed-fee contract:

(a) *Issuance of a notice of termination and action directed therein.* The contracting officer will issue a notice of termination (see §§ 88.15–914 and 88.15–915) to the contractor ordering the contractor to stop all work and the making of all commitments and directing him to issue similar orders to all subcontractors, vendors and suppliers, and to request them to furnish statements of charges on account of such termination. Provision may be made for ordering the continuation of some of the work, in the discretion of the contracting officer. With respect to the issuance of a notice of termination, the following provisions of this regulation (PR 15) relating to the termination of lump sum supply contracts are also applicable to the termination of cost-plus-a-fixed-fee contracts.

(1) *Preparatory steps,* §§ 88.15–301 to 88.15–306, 88.15–312, 88.15–313, 88.15–315.

(2) *Service of termination notice and action connected therewith,* §§ 88.15–320 and 88.15–321 except paragraph (b) and so much of paragraph (i) as relates to the preparation of a proposal by the contractor himself for a settlement by negotiation. (He should, of course, obtain a statement of charges and a proposal for settlement from each of his subcontractors and suppliers despite the fact that the Government may have agreed to assume his commitments to such subcontractors and suppliers.)

(3) *Initial conference,* §§ 88.15–322 and 88.15–323, except so much as relates to preparation of a proposal by the contractor himself for a settlement by negotiation.

The attention of the contractor should be directed particularly to the necessity of prompt performance of the applicable obligations listed in § 88.15–321.

(b) *Termination and settlement of subcontracts.* Subcontracts and purchase orders of the prime contractor will be (1) assumed by the Government and settled by the contracting officer or (2) settled by the contractor, depending on the terms of the termination article in the terminated prime contract. In any event, however, the prime contractor will take steps forthwith upon receipt of the termination notice to terminate subcontracts and purchase orders in compliance with such notice, to obtain inventories, accounting data and cost statements and proposals for a negotiated settlement of any lump sum subcontracts and purchase orders. (See

§ 88.15–325 (c).) In the case of cost-plus-a-fixed-fee subcontracts, in lieu of proposals for a negotiated settlement, the prime contractor will obtain the accounting data and vouchers necessary to permit final determination and payment of the reimbursable costs under such subcontract and to make any necessary adjustment of the fixed fee thereunder.

(c) *Settlement of subcontracts and purchase orders; where Government is to assume obligations of prime contractors.* (1) Numerous cost-plus-a-fixed-fee contracts now in effect contain a provision for termination of the convenience of the Government substantially in the form set forth in § 81.350. Under such a provision the contractor is not bound by his contract with the Government to do more in connection with the termination of his obligations and commitments than to obtain from his subcontractors, vendors and suppliers their statements of amounts due on account of termination or cancellation of their subcontracts, purchase orders or other obligations or commitments. It is the responsibility of the contracting officer to see that settlement is made with each of such subcontractors, vendors and suppliers on account of such termination or cancellation, obtaining all practicable cooperation from the prime contractor. In determining the amount of the adjustment to be made in the fixed fee of a contractor, whose cost-plus-a-fixed-fee contract has been terminated for the convenience of the Government pursuant to an article like that set out in § 81.350 (see especially subparagraph (2)) or in § 88.15–905 (see especially paragraph (b) (4) of such article), the extent of the work and cooperation of the contractor in this regard may be given consideration. Ordinarily, assignments to the Government of subcontract rights will not be made by the contractor unless the contracting officer is of the opinion that some pecuniary or administrative advantage to the Government will result from such assignment and specifically directs that it be made.

(2) Such settlements of lump sum subcontracts will be made in accordance with the provisions of § 88.15–325 (c) and other paragraphs of this regulation (PR 15) relating to the settlement of lump sum supply contracts, in so far as such provisions are applicable.

(d) *Settlement of subcontracts by prime contractor.* (1) Under another form of termination article (hitherto principally used by the Ordnance Department)[1] settlement of the amounts due subcontractors, vendors and suppliers on account of termination are made by the prime cost-plus-a-fixed-fee contractor. It provides that the contract may be terminated at any time for the convenience of the Government and that thereafter the contractor shall settle his lump sum and cost-plus-a-fixed-fee subcontracts, and all other obligations and commitments. In the absence of such provisions, the contractor is to negotiate a settlement. Each settlement of lump sum subcontracts and purchase orders is to be made expressly subject to the approval of the contracting officer. Such settlements will be made pursuant to the provisions of this regulation (PR 15) relating to the settlement of lump sum subcontracts under lump sum contracts, so far as such provisions are applicable. If the contractor's efforts to make a settlement fail, then only does the Government assume the obligation. The Government is also liable for the amount of any final judgment against the contractor on account of any terminated subcontract, obligation, commitment or claim. Express provision is made for reimbursement to the contractor of the costs incurred by him in negotiating such settlements, and for consideration of such services in connection with the payment of the fixed fee in connection with such contract.[2]

(2) It is the general policy of the War Department to encourage, to the greatest extent possible, the settlement by the prime contractor of all obligations arising out of the termination of subcontracts, purchase orders or other commitments as the result of the termination of a cost-plus-a-fixed-fee contract, as such settlement tends to expedite payments to subcontractors.

(e) *Settlement of cost-plus-a-fixed-fee subcontracts, purchase orders and other obligations of the prime contractors.* Whether or not such obligations of the prime contractor are assumed by the Government, settlement of cost-plus-a-fixed-fee subcontracts, purchase orders and other commitments of a prime contractor under a terminated cost-plus-a-fixed-fee prime contract will not be made by negotiation but will be effected in accordance with the terms of the instrument containing such cost-plus-a-fixed-fee obligation. Ordinarily this will require audit and payment of the unreimbursed costs of such obligation consistently with the applicable instructions set forth in the appropriate War Department manual for administrative audit of cost-plus-a-fixed-fee contracts.[3]

(f) *Disposition of property.* (1) Government property in the hands of the prime contractor will normally be disposed of pursuant to the provisions of Procurement Regulation 7, especially §§ 83.720 to 83.733. Many cost-plus-a-fixed-fee contracts contain the provision set forth in § 81.363, relating to the disposition of Government-owned property placed in the care, custody or possession of the contractor in connection with the terminated contract. Under contracts containing this provision, sale of Government property pursuant to the terms of the provisions is expressly authorized by § 83.727. Attention is invited to the fact that this provision may be inserted by amendment in any cost-plus-a-fixed-fee contract heretofore or hereafter executed when it is determined by the chief of the technical service concerned that such an amendment will facilitate the prosecution of the war or is necessary to carry out the purposes in section I of the Act of July 2, 1940 (Pub. Law 703, 76th Cong., 54 Stat., 712; see opinion of the Judge Advocate General dated May 14, 1943, SPJGC 1943/6630).

(2) Property in the hands of subcontractors, if title thereto has passed to the Government, may be disposed of consistently with the foregoing subparagraph (1). Property in the hands of subcontractors, title to which has not passed to the Government, but with respect to which a termination charge will be presented, may be disposed of with the approval of the contracting officer subject to the provisions of this regulation (PR 15) relating to the disposition of contractor-owned property in connection with the termination of lump sum supply contracts (see § 88.15–350 *et seq.*, especially § 88.15–365 *et seq.*).

(3) In the unlikely event that there should be any property acquired by the prime contractor in connection with the performance of a terminated cost-plus-a-fixed-fee contract, title to which has not passed to the Government, such property may be disposed of consistently with the provisions of this regulation (PR 15) governing the disposition of property in connection with lump sum contracts (see § 88.15–350 *et seq.*).

(4) Property which has finally and inseparably become a part of Government real estate will be disposed of in accordance with the provisions of law relating to disposition of such real estate and with any applicable provisions of the terminated contract or any related contract, as to options to purchase, disposition of property and similar matters.

(g) *Audit of costs incurred by the prime contractor.* Unlike the situation which exists with respect to a lump sum contract, machinery already exists, in the case of every cost-plus-a-fixed-fee contract, for the audit of the costs incurred by the prime contractor. Therefore, the unreimbursed costs, incurred both prior to the effective date of the termination notice and in connection with the termination, will be presented for reimbursement by the prime contractor under a terminated cost-plus-a-fixed-fee contract, in accordance with the terms of his contract, and will be audited by the appropriate auditing personnel at the direction of the contracting officer in accordance with such terms and in accordance with the applicable instructions set forth in the appropriate War Department manual for administrative audit of cost-plus-a-fixed-fee contracts (see § 88.15–651 (e)). Similar audit will be made in the case of cost-plus-a-fixed-fee subcontracts and purchase orders. In reviewing settlements of lump sum subcontracts and purchase orders arrived at by the contractor, the contracting officer and accounting personnel will be guided, in so far as applicable, by the

[1] The nature of this article is such that it has not been regarded as appropriate for use in connection with cost-plus-a-fixed-fee construction contracts.

[2] The form of termination article referred to in this paragraph has not yet been authorized for general use by procurement regulations.

[3] (a) *Cost-plus-a-fixed-fee supply contracts.* See "Manual for Administrative Audit of Cost-Plus-A-Fixed-Fee Supply Contracts", 14 August 1942.

(b) *Cost-plus-a-fixed-fee construction contracts.* See "War Department Corps of Engineers—Manual for Administrative Audit of Cost-Plus-A-Fixed-Fee Construction Contracts" 29 August 1942.

provisions of this regulation (PR 15), and by the Termination Accounting Manual, relating to the review of settlements with subcontractors made by fixed price prime contractors.

(h) *Determination of costs.* In effecting settlement of terminated cost-plus-a-fixed-fee contracts, the provisions of the particular contract governing reimbursable costs will determine what costs are properly allowable. Some cost-plus-a-fixed-fee contracts embody Treasury Decision 5000 in their definition of costs. It should be recognized that the definition of costs contained in Treasury Decision 5000 is, in some material respects, different from the definition contained in this regulation (PR 15, § 88.15–480 *et seq.*).

(i) *Payments and adjustments of fixed fee.* The amount of the prime contractor's fixed fee due and unpaid to the effective date of the termination notice will be computed, adjusted and paid in accordance with the terms of the terminated contracts.

§ 88.15–652 *Authority to terminate cost-plus-a-fixed-fee contracts.* The chiefs of the technical services may prescribe rules and regulations, consistent with the provisions of this regulation (PR 15), governing the authorization of the termination of cost-plus-a-fixed-fee contracts under their respective jurisdictions.

§ 88.15–653 *Form of notice of termination.* Whenever the complete termination of a cost-plus-a-fixed-fee supply contract has been authorized by proper authority, such termination will be effected by a notice substantially in the form set out in § 88.15–914 (a) or § 88.15–914 (b), whichever is appropriate (see as to construction contracts § 88.15–661).

§ 88.15–654 *Payments of costs duly determined.* Pending the final determination of the total amount due the contractor on account of termination, the contracting officer is authorized to make partial payment on account thereof against approved reimbursement vouchers or vouchers for the payment of approved portions of the fixed fee. Full utilization will also be made of available advance payment balances for the same purposes, consistently with the principles outlined in § 88.15–503 to § 88.15–506 (a), so far as applicable.

§ 88.15–655 *Final settlement agreement.* Upon the determination of the total amount due the contractor as reimbursement for all costs incurred in accordance with the terms of the contract, and of the total amount due the contractor as payment of the fixed fee in accordance with the terms of the contract, and concurrently with the final payment of cost reimbursement and of the fixed fee, the contracting officer and the contractor will execute a final settlement agreement,[1] in the form of a supplemental agreement to the contract (see § 88.15–933). Such supplemental agreement will set forth the amount of such final payment of cost reimbursement and of the fixed fee, will state the terms of any adjustment of the fixed fee, will state that all Government property under the contract and theretofore undisposed of has been delivered to the Government, will list such property or will incorporate a list thereof by reference, will embody a general release by the contractor and the Government of all claims against each other, and will state in detail all the exceptions to said release (see, for list of such possible deductions, exceptions and reservations, § 88.15–537 (b)). The contracting officer will determine whether there will be any negotiated adjustment of the fixed fee which makes desirable coordination of the settlement agreement with statutory renegotiation (see § 88.15–658).

§ 88.15–656 *Release provisions of terminated contract; anticipated litigation.* The release provisions of the particular terminated cost-plus-a-fixed-fee contract should be followed in framing the releases to be inserted in the settlement agreement. Where there is substantial risk of later litigation (*e. g.* actions under the Wages and Hours Act, State taxes) affecting reimbursable costs under the terminated contract, such items may be expressly excepted from the releases if the contract provision with respect to releases (either as originally set forth in the contract or as inserted by amendment) authorizes such exceptions.

§ 88.15–657 *Alternative procedures.* Subject to the provisions of §§ 88.15–106, 88.15–108, 88.15–220 and 88.15–207 to 88.15–209, chiefs of the technical services may authorize the adoption of other procedures, consistent with this regulation (PR 15), for the termination of particular cost-plus-a-fixed-fee contracts the provisions of which render compliance with any or all of the foregoing procedures inappropriate or inexpedient.

§ 88.15–658 *Exemption from renegotiation on terminated cost-plus-a-fixed-fee contracts.* (a) The cost-plus-a-fee contracts of the contractor are segregated by the appropriate Price Adjustment section from the other war business of the contractor for separate consideration in connection with statutory renegotiation on the over-all basis (see section J-PAB-9, Joint Statement of the Departments Concerned with Renegotiation March 31, 1943). Ordinarily the only source of potentially excessive profits from a cost-plus-a-fixed-fee contract is the fixed fee. The problem of the Price Adjustment section in connection with renegotiation is to determine whether this fixed fee results in excessive profits in the light of all relevant factors (*e. g.*, complexity of work, efficiency of performance, extent and nature of disallowed costs, comparison of actual costs with estimated costs, extent of Government assistance, etc.).

(b) In connection with the termination of a cost-plus-a-fixed-fee contract, adjustment of the fixed fee to reflect the reduced amount of work required of the contractor by reason of the termination is usually necessary under the termination articles used in such contracts (see, for example, paragraph 3e of the Termination Article set out in § 81.350). This adjustment may appropriately be made by a negotiated agreement in some cases. Where such adjustment is in fact made by a negotiated settlement, the chief of any technical service is authorized by § 81.1204 (i) to exempt the terminated contract and the settlement agreement from further statutory renegotiation, or to authorize the contracting officer to do so. Where such adjustment is not made by a negotiated settlement, the provisions of § 81.1204 (i) do not authorize any exemption of the adjustment from statutory renegotiation.

(c) In making such an adjustment of the fixed fee, if the adjustment precedes the statutory renegotiation with the contractor for the period in which such adjustment is made, the contracting officer, if so authorized by the chief of the technical service (see § 81.1204 (i)), will determine whether or not to exempt the adjustment payments from statutory renegotiation. He will then notify the appropriate Price Adjustment section of his decision and of the amount of the adjustment payments, so that such amount may be taken into account or excluded from consideration in connection with subsequent statutory renegotiation for such fiscal period, consistently with the action of the contracting officer in connection with such exemption.

(d) Where statutory renegotiation for the fiscal period in which such adjustment is made has already taken place at the time of such adjustment, the contracting officer will ascertain whether the appropriate Price Adjustment section has taken into account in connection with over-all statutory renegotiation any amounts estimated as to be paid in connection with such adjustment. In making such adjustment the contracting officer will give such consideration, as may be appropriate under the circumstances, to any such estimates of the Price Adjustment section.

(e) The contracting officer will then proceed to determine or to negotiate an adjustment of the fixed fee, giving such weight as he deems proper to the factors taken into account by Price Adjustment sections in renegotiating fixed fees under cost-plus-a-fixed-fee contracts. If the contracting officer is so authorized by the chief of the technical service (see § 81.1204 (i)) he may in his discretion exempt the terminated contract and any negotiated agreement by which the adjustment is made from further statutory renegotiation, if he finds that the settlement agreement will prevent the realization of excessive profits from the performance of the terminated contract and from the adjustment agreement. If he does not grant such exemption he will notify the appropriate Price Adjustment section so that that section may reopen the renegotiation proceedings already held if it deems it appropriate to do so or if it is possible to do so. Any necessity for such action, however, should be

[1] No such final settlement agreement need be entered into where, as in the case of a cost-plus-a-fixed-fee construction contract, the problems incident to the termination are relatively simple and the terms of the termination article are self-operating.

avoided, if possible, by consultation between the Price Adjustment section and the contracting officer before the adjustment of the fixed fee is agreed upon.

COST-PLUS-A-FIXED-FEE CONSTRUCTION CONTRACTS

§ 88.15–659 *Introductory.* The discussion in these §§ 88.15–659 to 88.15–667 relates exclusively to the termination of cost-plus-a-fixed-fee construction contracts. The term "cost-plus-a-fixed-fee construction contracts" as used in these §§ 88.15–659 to 88.15–667, unless it is specifically indicated otherwise, shall be deemed to be applicable to cost-plus-a-fixed-fee construction, architect engineer, and architect-engineer-manager contracts. Except as hereinafter indicated in these §§ 88.15–659 to 88.15–667, the provisions of §§ 88.15–650 to 88.15–658, inclusive shall be considered as generally applicable to cost-plus-a-fixed-fee construction contracts.

§ 88.15–660 *Certain provisions not applicable to cost-plus-a-fixed-fee construction contracts.* The provisions of §§ 88.15–313 and 88.15–321 referred to in § 88.15–651 (a) will not be considered as applicable to cost-plus-a-fixed-fee construction contracts. The forms of notices hereinafter prescribed in these §§ 88.15–659 to 88.15–667 adequately suggest the steps which should be taken by contracting officers in advance of serving the termination notice.

§ 88.15–661 *Notice of termination of entire contract.* In the event it is determined that the entire contract is to be terminated, notice thereof shall be given to the contractor in the form set out in § 88.15–915 (a). The termination for convenience articles (§ 81.350; see also Article VI, W. D. Contract Form No. 3, § 81.1303 (f), Article III-L, W. D. Contract Form No. 4, § 81.1304 (s); Article XVI, W. D. Contract Form No. 12, § 81.-1312), provide that unless the notice of termination directs otherwise, the contractor shall, among other things, proceed to cancel all existing orders and terminate all subcontracts. In many instances, it may not be desirable for the contractor to cancel all unperformed purchase orders and terminate all unperformed subcontracts, the performance of which by vendors or subcontractors is necessary to the completion of the project, even though the prime contract is terminated. If such purchase orders and subcontracts are terminated, advantage thereof cannot be taken. Therefore, care should be exercised in listing of those purchase orders and subcontracts as required under paragraph 3 of the form (§ 88.15–915 (a)), which the contracting officer thinks should be performed as well as all those which he thinks further investigation might reveal should be fully performed. Purchase orders and subcontracts which have been fully performed by vendors and subcontractors should not be listed.

§ 88.15–662 *Partial termination notice.* Where it is deemed desirable merely to terminate a portion of a contract for the convenience of the Government, the form set out in § 88.15–915 (b), shall be used. It will ordinarily be impracticable for the contracting officer to list all purchase orders and subcontracts which are pertinent only to that portion of the work which is not to be terminated. Therefore, paragraph 3 of the form to be used does not provide for listing of any purchase orders and subcontracts. Consequently, the portion of the contract which is not to be terminated should be described with particularity under paragraph 2 of the form. A notice of partial termination should not be issued under a termination for the convenience of the Government article in any case where it would be appropriate to issue a change order under the change article to eliminate work. Furthermore, the notice for partial termination should not be used where the project is nearing completion and only a minor amount of work remains uncompleted.

§ 88.15–663 *Termination for the fault of the contractor.* Where a cost-plus-a-fixed-fee construction contract is terminated for the default of the contractor, the form set out in § 88.15–915 (c) shall be used.

§ 88.15–664 *Stop orders.* Stop orders shall not be used to effect termination of cost-plus-a-fixed-fee construction contracts or in anticipation of such termination, since their use is incompatible with the notices of termination prescribed by these regulations and with the termination for the convenience of the Government article. Their proper use in connection with cost-plus-a-fixed-fee construction contracts is limited to effecting a temporary cessation of work during the course of the performance of the contract.

§ 88.15–665 *Assignment of subcontracts to the Government.* The form set out in § 88.15–915 (b), shall be used in all cases where it has been determined that an assignment to the Government of an instrument is to be made. It does not follow that all unperformed purchase orders, subcontracts, and other commitments should be assigned to the Government merely because they are unperformed at the time a contract is terminated. The contracting officer should require an assignment only in cases where there is a pecuniary or an administrative advantage to be obtained. In all cases of an assignment, the vendor or subcontractor should be notified thereof by letter.

§ 88.15–666 *Reimbursable and nonreimbursable expenditures.* All articles used in cost-plus-a-fixed-fee construction contracts, which provide for termination for the convenience of the Government, stipulate that the contractor shall not be entitled to reimbursement for expenditures made after the date of termination, except for expenditures to protect Government property and for accounting services in settling the contract as are required or approved by the Contracting Officer. Those articles also provide that, if the contract is terminated due to fault of the contractor, no additional payments on account of the fee will be made. In the case of those contracts which are terminated for the convenience of the Government, the final voucher shall show that the contractor has been paid only that portion of the prescribed fee which the physical work actually completed bears to the entire physical work under contract less fee payments previously made. In order that the record may be complete, a finding of fact with regard to the portion of the contract work actually completed by the contractor shall be made and filed in the records of the contracting officer.

§ 88.15–667 *Service of notice of termination.* In the event a contractor refuses to acknowledge receipt of a notice of termination, the service thereof upon the contractor by leaving a copy with the contractor or by mailing the same to the contractor by registered mail, return receipt requested, has the same legal effect. If the notice is delivered in person, a memorandum to that effect should be made and filed in the records of the contracting officer.

TERMINATION OF PRELIMINARY CONTRACTUAL INSTRUMENTS

§ 88.15–700 *Notices of award.* As used in this paragraph the term "notices of award" refers to a binding contractual instrument based on an offer by the contractor and signed by a contracting officer. Although such a notice of award will ordinarily not contain an article providing for termination for the convenience of the Government, such a notice of award may be terminated and settled in the same manner as provided in this regulation (PR 15) for a formal definitive contract, which contains no termination article (§ 88.15–311), making due allowance for the difference between such an instrument and a formal definitive contract.

§ 88.15–701 *Letters of intent and letter orders*—(a) *Letters of intent and letter orders which contain standard termination provisions.* Letters of intent and letter orders which contain or have been amended to contain the standard termination provisions for inclusion in such instruments (see § 88.15–107 (b)) will be terminated in accordance with such provisions.

(b) *Where instrument does not contain standard termination provisions.* Where a letter order or letter of intent does not contain such standard termination provisions, and it is desired to terminate such an instrument, the contracting officer will make every reasonable effort to include the appropriate standard termination provisions (other than those which provide an allowance of profit) by amendment of such instrument in accordance with § 88.15–107 (b). If such amendment is effected, termination will be effected in accordance therewith. If no such amendment can be effected, then such instrument will be terminated (1) in accordance with any provisions for termination for the convenience of the Government, or any applicable provisions for termination in the absence of agreement upon a definitive contract, contained in such instrument, or (2) if the contract contains no such

termination provisions, in accordance with the provisions of § 88.15–311.

§ 88.15–702 *Procedure on termination of letter orders and letter of intent under standard termination provisions.* In general, the procedure in terminating letter orders and letters of intent containing standard termination provisions will be similar to that provided in this regulation (PR 15) for definitive contracts of the type contemplated by the particular letter order or letter of intent being terminated. Due allowance for the differences between such instrument and definitive contracts will be made and the procedures set out in this regulation need be used only so far as reasonably applicable to such temporary instruments. The chief of each technical service may prescribe instructions not inconsistent with this regulation (PR 15) regarding termination of such instruments.

REPORTS

§ 88.15–800 *Monthly termination status report.* Each procurement office (except those reporting to the Commanding General of a Service Command) will prepare a monthly termination status report with respect to all termination proceedings completed during the month and those still in process. If no terminations have been completed or are in process, a negative report will be made. This status report will contain adequate information under each of the specific headings listed in § 88.15–801, and such other information as the chief of the technical service may prescribe, and will be filed in triplicate with the settlement review committee of the chief of the technical service on or before the 10th of the month following the month for which the report is due.

§ 88.15–801 *Specific information required on status report.* The monthly termination status report will list the following information as to each termination completed or to process:

(a) Contract or other identifying number.
(b) Name of contractor.
(c) Type of items or item called for by the terminated contract and affected by the termination.
(d) Indication whether partial or complete termination.
(e) Date of termination directive.
(f) Date of termination notice to contractor.
(g) Total contract price.
(h) Contract price of items cancelled.
(i) Date and amount of prime contractor's proposal for settlement.
(j) Number of subcontractor's proposals submitted and number and amount of approved proposals.
(k) Partial payments made (cumulative),
(1) to prime contractor with respect to own termination charges;
(2) for the benefit of subcontractors.
(l) Status of uncompleted transactions at the end of each month, including estimate of percentage of inventory disposed of, with an explanation of failure to complete any settlement pending for more than four months.
(m) Date and amount of final settlement (if completed):
(1) gross amount exclusive of subcontractor's charges;
(2) amount of subcontractor's charges;
(3) disposal credits (Property sold or retained by contractor);
(4) amount allowed (cost to contractor) for material and equipment taken over by Government in final settlement.
(n) General remarks about termination, including, but only if practicable, a rough estimate (revised monthly on the basis of available data) of the probable gross payments of termination charges, including subcontractor's charges but before property disposal credits.

§ 88.15–802 *Report to Contract Termination Branch, Purchases Division Headquarters, Army Service Forces.* A copy of each monthly status report filed with him, together with a tabulation of the information contained in all such reports from the technical service for the month in question, will be filed by the chief of each technical service with the Chief, Contract Termination Branch Purchases Division Headquarters, Army Service Forces, on or before the 15th of the month following that for which the report is made.

FORMS

TERMINATION ARTICLES

§ 88.15–901 *Lump sum supply contract.* This article appears in procurement regulations, § 81.324. It will be reprinted in this paragraph later.

§ 88.15–902 *Lump sum construction contract.* This article appears in § 81.324 (a). It will be reprinted in this section later.

§ 88.15–903 *Cost-plus-a-fixed-fee supply contract.* (Form sometimes used by Ordnance Department.) The following article is now in use by the Ordnance Department.

ARTICLE ___ *Termination by Government.* (1) The Government may terminate this contract at any time by a notice in writing from the Contracting Officer to the Contractor. Such termination shall be effective in the manner and upon the date specified in said notice and shall be without prejudice to any claims which the Government may have against the contractor or which the Contractor may have against the Government. Upon receipt of such notice, the Contractor shall, unless the notice directs otherwise, immediately discontinue all work and the placing of all orders for materials, facilities, and supplies in connection with performance of this contract and shall proceed to cancel promptly all existing orders and terminate all subcontracts insofar as such orders and subcontracts are chargeable to this contract.

(2) If this contract is terminated for the fault of the Contractor, the Contracting Officer may enter upon the premises for the purpose of completing the work contemplated by this contract, take possession of any or all materials, tools, machinery, equipment and appliances, and exercise all options, privileges, and rights, and may complete or employ any other person or persons to complete said work.

(3) Upon the termination of this contract, full and complete settlement of all claims of the Contractor arising out of this contract shall be made as follows:

(a) The Government shall assume and become liable for all obligations, commitments, and claims that the Contractor may have theretofore in good faith undertaken or incurred in connection with said work and the cost of which would be reimbursable in accordance with the provisions of this contract; and the Contractor shall, as a condition of receiving the payments mentioned in this Title, execute and deliver all such papers and take all steps as the Contracting Officer may require for the purpose of fully vesting in the Government the rights and benefits of the Contractor under such obligations or commitments.

(b) The Government shall reimburse the Contractor for all expenditures made in accordance with Title IV and not previously reimbursed.

(c) The Government shall reimburse the Contractor for such further expenditures, made after the date of termination, for the protection of Government property and for accounting services in connection with the settlement of this contract as are required or approved by the Contracting Officer.

(d) If the contract is terminated for the convenience of the Government, the Contractor will be paid all fees which have accrued at the date of termination, less fee payments previously made. If the contract is terminated due to fault of the Contractor, no additional payment on account of the fixed-fees will be made.

(e) The obligation of the Government to make any of the payments required by this Title shall be subject to any unsettled claims in connection with this contract which the Government may have against the Contractor.

(4) Prior to final settlement the Contractor shall furnish a release as required in section 4 of Article IV–B of Title IV hereof.

§ 88.15–904 *Cost-plus-a-fixed-fee construction contract.* This article is found in § 81.350. It will be reprinted in this paragraph later.

§ 88.15–905 *Army Air Forces; cost-plus-a-fixed-fee supply contract.* The following article is now in use by the Army Air Forces:

ARTICLE __ *Termination of contract by Government.* (1) Should the contractor at any time refuse, neglect or fail to prosecute the work with promptness and diligence, or default in the performance of any of the agreements herein contained, or should conditions arise which make it advisable or necessary in the interest of the Government that work be discontinued under this contract, the Government may terminate this contract by a notice in writing from the Contracting Officer to the Contractor. Such termination shall be effective in the manner and upon the date specified in said notice and shall be without prejudice to any claims which the Government may have against the Contractor. Upon receipt of such notice the Contractor shall, unless the notice directs otherwise, immediately discontinue all work and the placing of all orders for materials, facilities and supplies in connection with performance of this contract and shall proceed to cancel promptly all existing orders and terminate work under all subcontracts insofar as such orders and/or work are chargeable to this contract.

(2) Upon the termination of this contract as hereinbefore provided, full and complete settlement of all claims of the Contractor arising out of this contract shall be made as follows:

(a) The Government shall assume and become liable for all obligations, commitments and claims that the Contractor may have theretofore in good faith undertaken or incurred in connection with said work and in accordance with the provisions of this contract, and the Contractor shall, as a condition to receiving the payments mentioned in this Article, execute and deliver all such papers and take all such steps as the Contracting Officer may require for the purpose of fully vesting in the Government the rights and benefits of the Contractor under such obligations or commitments.

(b) The Government shall reimburse the Contractor for all expenditures made in accordance with Article 3 and not previously reimbursed.

(c) The Government shall reimburse the Contractor for such further expenditures after the date of termination for the protection of Government property and for accounting services in connection with the settlement of this contract as the Contracting Officer may approve.

(d) If the contract is terminated for the convenience of the Government the Contractor shall be paid a percentage of the fee set forth in Article 3, equivalent to the percentage of completion of the contract, less payments previously made.

(e) If the contract is terminated for the fault of the Contractor, the Contractor shall be paid a percentage of the fee set forth in Article 3, equivalent to the percentage of completion of the contract, less ten percent (10%) of such amount and less payments previously made.

(f) The obligation of the Government to make any of the payments required by this Article shall be subject to any unsettled claims for labor or material or any claim the Government may have against the Contractor.

(3) Upon the making of said payments all obligations of the Government to make further payments or to carry out other undertakings hereunder shall cease forthwith and forever, except that all rights and obligations of the respective parties under the Articles, if any, of this contract applicable to Patent Infringements and Reproduction Rights shall remain in full force and effect.

NOTICE OF TERMINATION

§ 88.15–911 *Telegraphic notice (preliminary notice).* (a) Substantially the following form will be used where it is desired to notify the contractor of the termination of a contract by telegram or teletype:

XYZ Corporation
New York, New York

Pursuant to Article _____ of your Contract No. _____ the Government hereby terminates that contract (or "cancels items _____ of article _____ of that contract.") Request you stop all work and making of all commitments in connection therewith and advise all subcontractors and suppliers by telegraph to do likewise. Letter and instructions follow.

JOHN DOE,
Lieut. Col., A. C.,
Contracting Officer.

(b) In those cases where it is desired to effect a temporary suspension of a contract which is to be terminated prior to giving formal notice of termination, the following form of telegram may be employed (see paragraph (c) of § 88.15–315).

XYZ Corporation
New York, New York

Due to changed requirements Government desires to cancel *item* [1] _____ of contract No. _____ pending formal action for cancellation of said *item* _____ *of said* contract, it is requested that all work by your company and subcontractors with respect thereto be stopped and no further commitments made or obligations incurred on account thereof. Request you contact _____ for any information in connection therewith. Letter follows. End.
Prepaid

[1] Omit italicized words where whole contract is to be terminated.

§ 88.15–912 *Lump sum supply or construction contracts*—(a) *Letter notice to prime contractor.* Substantially the following form of notice of termination will be used in all cases where a lump sum contract is being terminated for the convenience of the Government:

XYZ Corporation
New York, New York
Gentlemen:

1. The necessity and convenience of the Government require that your Contract No. _____ be terminated, such termination to be effective at _____ o'clock _____ M on _____, 194__, and that steps be taken immediately upon such effective date of this notice to agree with you upon a settlement, if any is necessary, that will properly and justly compensate you for the *uncompleted portion* of the contract.[1] Accordingly,[2] that contract is hereby terminated, (or items _____ of Article _____ of that contract are hereby canceled), pursuant to Article _____ of that contract.

2. You are hereby instructed immediately upon such effective date of this notice (1) to stop all work and the placing of any subcontracts or purchase orders in connection with that contract; and (2) to terminate all existing subcontracts and purchase orders and to cause all work in connection therewith to be stopped at once. A form of termination notice to subcontractors, marked "Exhibit 1", is inclosed for use in this connection. The instructions in (1) and (2) do not apply to the following:

(Here list exceptions.)

3. You are also instructed to take the following action with respect to Government property now in your custody:

(Here list instructions.)

4. You are requested to submit, as promptly as possible, the following data, to serve as a basis for a settlement of the amount due you by reason of this termination:—

(a) A statement of your costs and a proposal for a negotiated settlement (of the amount payable for the uncompleted portion of the contract), in the form and certified as stated in the inclosed "Instructions to Contractors."

(b) An inventory prepared in accordance with the inclosed "Instructions to Contractors." Upon receipt of such inventory the undersigned will inform you, in writing, as to the disposition to be made of it. You are requested to include in your inventory a statement of your best bid for any of the items there listed, either by items or by groups of items. For any items as to which you make no bid, you are requested to obtain the best available offers.[3] The following items are to be delivered to the Government at once, f. o. b. _____; and are to be omitted from your inventory:—

(Here list items, if any.)

Partial inventories should be submitted as soon as possible with respect to articles for which you make bids or for which you may receive offers approved by you.

(c) A statement of costs and a proposal for a negotiated settlement from each of your subcontractors and suppliers in the form and certified by them and by you as stated in the inclosed "Instructions to Contractors." Such statements and proposals may be presented separately. No such statement need be obtained from subcontractors or suppliers who will make no request for payment of any termination charges. Please note that you are required to review each of these statements in accordance with the Instructions, and to state your recommendation, based upon your negotiations with the subcontractor or supplier concerned, as to the amount properly payable thereon. All settlements with subcontractors and suppliers should be submitted for approval by the Contracting Officer.

5. All accounting and other records pertinent to the determination of the amount of the settlement should be carefully preserved by you and your subcontractors and suppliers. They may be audited by the Government.

6. Upon receipt of the foregoing data the undersigned will arrange a conference with you for the purpose of negotiating the settlement.

7. The instructions contained in this notice may be modified from time to time, except as to those instructions with respect to which you have previously taken substantial action in reliance thereon.

8. Please acknowledge receipt of this notice by signing the original and one copy and returning them to this office not later than _____, 1943. The other copy is for your files.

JOHN DOE,
Major, A. C.
Contracting Officer.

Accepted: _____, 1943
(contractor)

(b) *Letter notice to subcontractor or supplier.* Substantially the following form will accompany the notice set forth in § 88.15–912 as Exhibit 1 thereto:

ABC Company
Detroit, Michigan
Gentlemen:

1. Our contract No. _____ with the War Department has just been terminated. We there find it necessary to terminate our Order No. _____ with you, effective at once, since we will have no further use for the articles under that order. Pursuant to the directions of the contracting officer on that contract, you are hereby instructed immediately (1) to stop all work and the placing of any subcontracts or purchase orders in connection with that Order No. _____; and (2) to terminate all existing subcontracts or purchase orders and to cause all work in connection therewith t be stopped at once. The instructions in (1) and (2) do not apply to the following:

(Here, list items, if any)

2. No charge on account of this termination will be allowed you to the extent that they are found by us or by the contracting officer to have resulted from your failure effectively to take the foregoing action within a time found by us or by the contracting officer to be reasonable under all the circumstances.

3. You are also instructed to take the following action with respect to Government property in your custody:

(Here list action to be taken.)

4. You are requested to submit, as soon as possible, the following data, to serve as a basis for the negotiation of a settlement of the amount due you by reason of this termination:

a. A statement of your costs and a proposal for a negotiated settlement, prepared and certified in accordance with the attached form.[1]

b. An inventory of articles on hand, produced or acquired in connection with our

[1] The words "for the uncompleted portion of the contract" will be omitted in the case of a lump sum construction contract.

[2] If the telegraphic notice set forth in PR 15–911 has previously been sent, insert here the words "and confirming the undersigned's telegram to you dated _____"

[3] Omit remainder of paragraph where inapplicable, and in the case of lump sum construction contracts it should be provided that the items are to be delivered at the site of the work rather than f. o. b. a stated point.

[1] These forms should be prepared by the contractor substantially in accordance with the forms furnished for his own use.

order, and prepared in accordance with the attached form.[1]

5. Upon receipt of such inventory you will be informed as to the disposition to be made of it. You are requested to include in your inventory a statement of your best bid for any of the items listed in your inventory which you are willing to retain. Such bid may be made by items or groups of items. For any items listed for which you make no bid, you are requested immediately to obtain the best available offers and to include them in the inventory. Partial inventories of any items which you wish to retain, or of which you recommend the sale, may be furnished at any time. The following items are to be delivered to us, f. o. b. _____, and are to be omitted from your inventory:

(Here list items. Omit preceding sentence if not applicable.)

6. You are requested to omit from your inventory:

a. Articles which can be used by you or sold to others, without charge to us.

b. Articles which can be returned to your suppliers for full credit less freight charges. [In this event you may include the reasonable freight charges in your statement of costs arising out of the termination.]

7. In view of the fact that our order was issued to you in connection with our work on a Government contract now terminated, and that the amount due you because of the termination of our order will be a cost to us to be reimbursed by the Government, you are advised that your statement of costs may be subject to Government audit and the articles listed in your inventory may be subject to Government inspection. All accounting and other records pertinent to the determination of the amount of the settlement due you should be carefully preserved by you. These documents will be of importance in connection with our negotiations, both with you and with the Government.

8. In order to relieve you, to the greatest extent possible, of financial inconvenience caused by this termination of our order, partial payments on account of the amounts owing to you by reason of this termination will be made to you as rapidly as you make it possible to do so. Subject to the approval of the contracting officer, a partial payment will be made to you whenever we are in agreement that at least the amount of the proposed partial payment is clearly owing to you. You may request a partial payment at any time, but your request should be supported by sufficient accounting data for us and the contracting officer to find that at least the amount requested is due you on account of this termination.

9. Please acknowledge receipt of this notice by signing the original and _____ copies and returning them to this office. The other copy is for your files.

Very truly yours,
(Contractor)

Accepted: _____, 1943.
(Subcontractor)

§ 88.15–914 *Cost - plus - a - fixed - fee supply contracts*—(a) *Letter of notice to prime contractor who will not negotiate settlements with subcontractors or suppliers.* (1) Whenever the complete termination of a cost-plus-a-fixed-fee supply contract has been authorized such termination will be effected by a notice substantially in the following form:

XYZ Corporation
New York, New York
Gentlemen:

The necessity and convenience of the Government require that your contract No. _____ be terminated at once. Pursuant to the provisions of Article _____ of that contract, that contract is hereby terminated. Effective at once, you will (1) stop all work and the placing of any subcontracts and purchase orders in connection therewith, and (2) terminate all existing subcontracts and purchase orders and cause all work thereunder to cease. The instructions contained in (1) and (2) do not apply to the following:

(Here list exceptions.)

Subject to customary approval or ratification by the contracting officer, you are authorized and requested to pay all invoices, charges, salaries, wages and other obligations actually incurred by you in connection with this contract and due on or before the effective date of this notice.

You are requested to advise all lump sum suppliers and subcontractors to submit to you, as promptly as possible, a statement of the charges that will be involved in the cancellation and termination of their orders or subcontracts. Such charges shall be computed in accordance with the termination provisions, if any, contained in said orders or subcontracts, and shall be prepared as set forth in the inclosed "Instructions to Subcontractors." (A form of "Instructions to Subcontractors" similar to that contained in § 88.15–936 is being prepared). All such suppliers and subcontractors should be advised that they may be required to support such statement of charges with appropriate and pertinent accounting and other records; that the statement of charges may be subject to an audit by Government auditors; and that an inspection of the supplies and materials covered by the purchase order or subcontract will be made by a Government inspector. Suppliers and subcontractors should be directed to preserve all relevant records and papers.

You will be reimbursed for the cost of all services rendered by you in connection with this termination of contract No. _____, in accordance with the provisions of the contract applicable to reimbursement of costs.

(2) In the event of partial termination the first paragraph of the foregoing notice will be omitted and in lieu thereof the following paragraph will be used:

Pursuant to Article __ of Contract No. _____ entitled "Changes" you are directed to omit work covered by the contract as follows: (Here insert a statement of the work to be omitted, and following that the remainder of the notice set forth above).

(b) *Letter to prime contractor who will negotiate settlements with subcontractors and suppliers.* [Reserved.]

(c) *Letter notice to lump sum subcontractors or suppliers.* Substantially the form set out in paragraph (b) of § 88.15–912 will be used.

§ 88.15–915 *Cost-plus-a-fixed-fee construction termination and assignment forms.* The forms prescribed in paragraphs (a), (b), and (c) of this section shall be used in connection with the termination of cost-plus-a-fixed-fee construction contracts, as defined in § 88.15–659. The form prescribed in paragraph (d) of this section shall be used in connection with assignments to the Government of subcontracts and other obligations and commitments under such contracts:

(a) *Complete termination form.* Substantially the form herein prescribed will be used for complete termination of cost-plus-a-fixed-fee construction contracts for the convenience of the Government:

NOTICE OF TERMINATION FOR CONVENIENCE OF THE GOVERNMENT

Terminating cost-plus-a-fixed-fee contract No. W _____ dated _____ between the United States of America and _____ for _____ services at _____ with any or all amendments thereto.

Name of Contractor
Address

_____
(Place)

_____
(Date)

Gentlemen:

1. Pursuant to the provisions of Article ___, of the above described contract, you are notified that said contract is hereby terminated for the convenience of the Government as of 11:59 p. m. this date.

(If it is desired to terminate the contract as of a future date, the phrase "as of 11:59 p. m. the _____ day of _____, 194___" should be substituted for the phrase "as of 11:59 p. m. this date.")

2. You shall immediately discontinue all work and the placing of all orders for materials, facilities, and supplies, in connection with the performance of said contract.

(If a future date of termination is provided for under paragraph 1, above, the phrase "on the date specified in paragraph 1, above," should be added at the end of the sentence.

3. You shall immediately proceed to cancel all existing orders and commitments and terminate all subcontracts which are chargeable to said contract, except the following:

(If a future date of termination is provided for in paragraph 1, above, the phrase "on the date specified in paragraph 1, above," should be inserted preceding the comma. Care should be exercised to list all unperformed purchase orders, commitments and subcontracts except those that the Contracting Officer knows should not be performed.)

4. You are requested to advise all vendors and subcontractors to submit to you, as promptly as possible, a statement of the charges that will be involved in the cancellation and termination of their orders or subcontracts. Such charges shall be set forth substantially under the following headings:

(1) Amount of total contract price previously paid.
(2) Direct labor.
(3) Direct materials.
(4) Indirect expense.[1]
(5) Administrative expenses.[1]
(6) Subcontractors' claims.
(7) Credits for refunds on insurance, etc.
(8) Engineering and similar expenses.[1]
(9) Other items of claim in detail.

Vendors or subcontractors whose classifications of accounts are similar to the above may follow their own classification. All such vendors and subcontractors should be advised that they may be required to support such statement of charges with appropriate and pertinent accounting and other records; that the statement of charges may be subject to an audit by Government auditors; and that an inspection of the supplies and materials covered by the purchase order or subcontract may be made by a Government inspector. Vendors and subcontractors should be directed to preserve all relevant records and papers.

5. No reimbursement will be made for obligations incurred under said contract subsequent to the date indicated in paragraph 1 of this Notice, except for expenditures made pursuant to the directions contained in this Notice and for the protection of Government

[1] Items 4, 5, and 8 to be omitted unless applicable in the particular instance.

property and accounting services in connection with the settlement of this contract as are required or approved by the Contracting Officer.

6. It is requested that you promptly acknowledge receipt of this Notice on the original and a copy thereof and that they be returned to the Contracting Officer. The second copy is for your files.

(Contracting Officer)

Receipt is acknowledged of the above Notice as of _____ day of _____, 194___

(Contractor)

By: _____

(b) *Partial termination form.* The form prescribed herein will be used for partial termination of cost-plus-a-fixed-fee construction contracts for the convenience of the Government:

NOTICE OF PARTIAL TERMINATION FOR CONVENIENCE OF THE GOVERNMENT

Terminating portion of cost-plus-a-fixed-fee contract No. W _____ dated _____ between the United States of America and _____ for _____ services at _____ with any or all amendments thereto.

Name of Contractor
Address

(Place)

(Date)

Gentlemen:

1. Pursuant to the provisions of Article _____, of the above described contract, you are notified that said contract is hereby partially terminated for the convenience of the Government as of 11:59 p. m. this date.

(If it is desired to partially terminate the contract as of a future date, the phrase "as of 11:59 p. m. the _____ day of _____, 194__" should be substituted for the phrase "as of 11:59 p. m. this date.")

2. You shall immediately discontinue all work and the placing of all orders for materials, facilities, and supplies, in connection with the performance of said contract, except that you shall continue all work and the placing of all orders that may be necessary to complete the following portion of the work covered by said contract:

(If a future date of partial termination is provided for under paragraph 1, above, the phrase "on the date specified in paragraph 1, above," should be inserted preceding the comma following the word "contract" in the third line.)

3. You shall immediately proceed to cancel all existing orders and commitments and terminate all subcontracts which are chargeable to said contract, except that all orders, commitments, and subcontracts which are necessary to complete the portion of the work covered by said contract which is to be completed and which is excepted from the operation of this Notice, as fully set forth in paragraph 2, above, shall remain unmolested and uncancelled.

(If a future date of partial termination is provided for in paragraph 1, above, the phrase "on the date specified in paragraph 1, above," should be inserted preceding the comma following the word "contract" in the third line.)

4. You are requested to advise all vendors and subcontractors whose orders or subcontracts are by this Notice required to be cancelled to submit to you, as promptly as possible, a statement of the charges that will be involved in the cancellation and termination of their orders or subcontracts. Such charges shall be set forth substantially under the following headings:

(1) Amount of total contract price previously paid.
(2) Direct labor.
(3) Direct materials.
(4) Indirect expenses.[1]
(5) Administrative expenses.[1]
(6) Subcontractors' claims.
(7) Credits for refunds on insurance, etc.
(8) Engineering and similar expenses.[1]
(9) Other items of claim in detail.

All such vendors or subcontractors whose classifications of accounts are similar to the above may follow their own classification. All such vendors and subcontractors should be advised that they may be required to support such statement of charges with appropriate and pertinent accounting and other records; that the statement of charges may be subject to an audit by Government auditors; and that an inspection of the supplies and materials covered by the purchase order or subcontract may be made by a Government inspector. All such vendors and subcontractors should be directed to preserve all relevant records and papers.

5. No reimbursement will be made for obligations incurred under said contract in connection with the work hereby terminated subsequent to the date indicated in paragraph 1 of this Notice, except for expenditures made pursuant to the directions contained in this Notice and for the protection of Government property and accounting services in connection with the settlement of the terminated portion of this contract as are required or approved by the Contracting Officer.

6. It is requested that you promptly acknowledge receipt of this Notice on the original and a copy thereof and that they be returned to the Contracting Officer. The second copy is for your files.

(Contracting Officer)

Receipt is acknowledged of the above Notice as of _____ day of _____, 194____.

(Contractor)

By: _____

(c) *Termination for default form.* The form prescribed herein will be used to effect termination of cost-plus-a-fixed-fee construction contracts for default of the contractor:

NOTICE OF TERMINATION FOR THE FAULT OF THE CONTRACTOR

Terminating cost-plus-a-fixed-fee contract No. W_____ dated _____ between the United States of America and _____ for _____ services at _____ with any or all amendments thereto.

Name of Contractor _____
Address _____

(Place)

(Date)

Gentlemen:

1. Pursuant to the provisions of Article _____, of the above described contract, you are notified that said contract is hereby terminated for your fault as of 11:59 p. m. this date.

(If it is desired to terminate the contract as of a future date, the phrase "as of 11:59 p. m. the _____ day of _____, 194____," should be substituted for the phrase "as of 11:59 p. m. this date.").

2. You shall immediately discontinue all work and the placing of all orders for materials, facilities, and supplies, in connection with the performance of said contract.

(If a future date of termination is provided for under paragraph 1, above, the phrase "on the date specified in paragraph 1, above." should be added at the end of the sentence.)

3. [1] You are directed that all materials, tools, machinery, equipment and appliances which may be owned by you or which are in your possession, for use in connection with the work under said contract, shall be permitted to remain on the site of the work and all options, privileges, and rights, as well as all orders, commitments, and subcontracts, which you have acquired or entered into in connection with the work under said contract, shall remain unmolested and uncancelled until a determination is made as to whether they are to be used by or transferred to the Government in connection with the completion of the work under said contract by the Government or by others.

4. No reimbursement will be made for obligations incurred under said contract subsequent to the date indicated in paragraph 1 of this Notice, except for expenditures made pursuant to the directions contained in this Notice and for the protection of Government property and accounting services in connection with the settlement of this contract as are required or approved by the Contracting Officer.

5. It is requested that you promptly acknowledge receipt of this Notice on the original and a copy thereof and that they be returned to the Contracting Officer. The second copy is for your files.

(Contracting Officer)

Receipt is acknowledged of the above Notice as of the _____ day of _____, 194_____.

(Contractor)

By _____

(d) *Assignment form.* The form prescribed herein shall be used to effect assignments to the Government of subcontracts under cost-plus-a-fixed-fee construction contracts:

ASSIGNMENT TO GOVERNMENT

Under Cost-Plus-a-Fixed-Fee Contract No. W _____ eng _____, dated _____ between the United States of America and _____ for _____ services at _____ with any or all amendments thereto.

Whereas, under Article _____ of the contract above described, the Contractor is obligated in the event of termination of such contract to execute and deliver all such papers and take all such steps as the Contracting Officer may require for the purpose of fully vesting in the United States of America, the rights and benefits of the Contractor under such obligations or commitments; and

Whereas, it has been determined by the Contracting Officer that an assignment shall be made by the Contractor to the United States of America of the instrument hereinafter described:

Now, therefore, the Contractor does hereby assign, transfer, and set over to the United States of America as of the date hereof, all of his right, title, and interest in and to the following:

---

[1] Items 4, 5, and 8 to be omitted unless applicable in the particular instance.

[1] This paragraph is not applicable to W. D. Contract Form No. 4, since there is no provision therein for taking over such materials, tools, etc. Therefore, paragraph 3 of the form set out in paragraph (a) of § 68.15-915 should be substituted.

Title and Identification No. of Instrument:
Name and Address of Vendor or Subcontractor:
Amount:
Date:

In witness whereof, The Contractor has executed this Assignment this _____ day of _____, 194_____.

CONTRACTOR,

_____

By _____

Accepted:
UNITED STATES OF AMERICA
By _____
Contracting Officer

PARTIAL PAYMENTS

§ 88.15–921 *Supplemental agreement to make payment in trust for subcontractor.* Where, pursuant to paragraph (b) of § 88.15–502, it is desired to make a partial payment to a lump sum prime contractor, but on account of and in trust for a specific subcontractor, the following form of supplemental agreement will be used:

NOTE: The footnotes to this supplemental agreement refer to modifications which should be made only where it is desired to make merely a partial payment to the Subcontractor on account of the termination of his subcontract and to leave the balance of his claim for later determination.

Whereas, under date of _____, a contract numbered W_____ ord_____ was entered into between the United States of America, hereinafter referred to as the Government, and (*Insert here name of prime contractor*), a corporation organized and existing under the laws of the State of _____, hereinafter referred to as the Contractor, and

Whereas, notice of termination of said contract has been given pursuant to Article _____ thereof, and

Whereas, said Article provides that the Contracting Officer and the Contractor, by supplemental agreement, after negotiation, may agree on the sum reasonably necessary to compensate the Contractor for certain of his costs, expenditures, liabilities, commitments and work, including reimbursement to the Contractor on account of settlements of certain of its commitments to its subcontractors and persons claiming through them, and

Whereas, said Article further provides that the Government shall promptly make partial payments to the Contractor on account of amounts clearly due by reason of termination under said Article and on account of settlements of obligations or commitments of the Contractor (subject to such conditions as the Contracting Officer may require), and

Whereas, (*Insert here name of subcontractor to whom partial payment is to be made*) is a subcontractor (*hereinafter called "said Subcontractor"*) under said contract, through (*Intermediary*) and (*Intermediary*), under an agreement (*hereinafter called said Subcontract*) between said (*Insert name of said Subcontractor*) and (*Insert name of last intermediary*), and

Whereas, the Contractor hereby represents to the United States that at least the sum of $_____ is clearly and justly due to the Contractor by reason of the termination of said Contract W _____ ord_____ and the parties hereto, other than the United States, hereby represent to the United States, and the Contracting Officer has been determined, that[1] the sum of $_____ is justly due to (*Insert here name of said Subcontractor*) on account of said Subcontract and by reason of its termination, the amount of which liability to said Subcontractor is an obligation or commitment of the Contractor (or is included in the obligations or commitments of the Contractor), and that said sum may properly be paid to (*Insert here name of said Subcontractor*) without prejudice to the determination of[2] any other items arising in connection with said termination of the Contract W_____ ord_____ or in connection with the termination of any subcontract hereunder other than said Subcontract with (*Insert here name of said Subcontractor*), and

Whereas, the Government desires to provide for a partial payment to the Contractor on account of its obligations or commitments within the meaning or said Article _____ of Contract W _____ ord _____[3] on condition (a) that such partial payment shall be for the benefit of (*Insert here name of said Subcontractor*) and (b) that all persons interested in such partial payment shall give their written consent to such payment and execute appropriate release as hereinafter provided:

Now, therefore, this Supplemental Agreement is entered into this _____ day of _____, and the parties hereto agree as follows:

1. Upon the execution of this Supplemental Agreement by all the parties hereto, and upon the Contractor's submission of a proper voucher therefor, the Government will pay to the Contractor said sum of $_____ for the account of, and in trust for (*Insert here name of said Subcontractor*), and thereupon the Contractor agrees that it will pay said sum of $_____ directly to (*Insert name of said Subcontractor*).

2. [4] In consideration of such payment the parties hereto release each other of any claim against each other which is based upon said Subcontract or arises out of the termination or concellation of said Subcontract. The parties hereto agree to eliminate any such claim based upon such Subcontract[5] from their claims in connection with or arising out of said termination of Contract W _____ ord _____ and consent to the making of the payment provided for in paragraph 1 hereof.

3. The parties hereto, other than the United States of America, warrant that there are no outstanding set-offs against (*Insert here name of said Subcontractor*) in connection with said Subcontract or against any party hereto, through whom said (*Insert here name of said Subcontractor*) makes claim, which would reduce the amount payable[6] to said (*Insert here name of said Subcontractor*) on account of such Subcontract.

In witness whereof, the parties hereto have executed this Supplemental Agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA
By_____
(Contracting Officer)
_____
(Contractor)
_____

SUPPLEMENTAL AGREEMENTS TO INSERT CURRENT TERMINATION ARTICLE IN CONTRACTS

§ 88.15–926 *Lump sum contracts; supplemental agreement for use where contract contains no provision for the termination for the convenience of the Government or contains a termination article which does not provide for a negotiated settlement of the amount due in respect of the uncompleted portion of the contract.*

This supplemental agreement entered into this _____ day of _____, 194___, by the United States of America, hereinafter called "the Government" represented by _____ executing this
(authorized officer)
contract and _____
hereinafter called "the Contractor",

Witnesseth that:

Whereas, the Contractor and the Government have entered into Contract No. W_____ under date of _____, 194___, as amended and supplemented by _____, dated _____, 194___; and

Whereas, it is desirable to amend said contract so that termination thereof for the convenience of the Government and a settlement of the rights of the parties by reason of any such termination may be effected expeditiously, without undue expense, and with a minimum of administrative delay and inconvenience, and

Whereas, pursuant to the First War Powers Act and Executive Order No. 9001, issued pursuant thereto, the Secretary of War acting through his duly delegated officer, has authorized the amendment of existing War Department contracts so as to make adequate provision for termination for the convenience of the Government and for the negotiation of settlements in connection therewith and has found that such amendment will facilitate the prosecution of the war.

Now, therefore, the parties do agree to amend the aforesaid contract and the same is hereby amended by

(Here make such change in the contract as may be necessary to the end that it will contain provisions for termination at the convenience of the Government substantially the same as those set forth in § 81.324 in the case of a lump sum supply contract or, in the case of a lump sum construction contract, as § 81.324 (a) of these procurement regulations.)

FINAL SETTLEMENT AGREEMENTS

§ 88.15–931 *Settlement agreement for use where a lump sum supply contract contains a provision for termination for the convenience of the Government substantially in the form contained in* § 81.324 *and permits settlement by negotiation of amount due with respect to uncompleted portion of the contract.*

This supplemental agreement, entered into pursuant to the First War Powers Act and Executive Order No. 9001 this _____ day of _____, 194___, by the United States of America, hereinafter called "the Government" represented by_____
(authorized officer)

[1] The words "not less than" should be inserted at this point.

[2] Insert at this point the words "the aggregate amount which may be due on account of the termination of said Subcontract or of".

[3] Insert at this point the words "and as a partial payment on account of the amount due by reason of the termination of said Subcontract".

[4] Insert at this point in place of the first sentence of paragraph 2 the following sentence "In consideration of such payment said Subcontractor and the parties hereto, other than the United States, agree that, to the extent of such payment, they severally do release the United States and each of the other parties hereto against whom they severally have claim based upon said Subcontract or the termination thereof, retaining any such claim based upon said Subcontract only to the extent that such claim may be found by the Contracting Officer under Contract W _____ ord _____ to exceed such payment.

[5] Insert at this point the words ", to the extent of such payment,".

[6] Substitute for the word "payable" the words "hereby authorized to be paid".

executing this contract and _____ hereinafter called "the Contractor",

Witnesseth that:

Whereas, the Contractor and the Government have entered into Contract No. W-____ under date of _____, 194___, as amended and supplemented by _____, dated _____, 194___; and

Whereas, said contract provides for termination of such contract at the convenience of the Government and for the determination by negotiation of the amount payable on account of the uncompleted portion of the contract and of certain other items; and

Whereas, it is to the advantage of the parties to arrange this negotiated settlement and the interests of the Government are being fully protected thereby; and

Whereas, the Government and Contractor after negotiations have arrived at an agreement as to the sum payable on account of such uncompleted portion of the contract and for other items; and

Whereas, in the light of such agreement, the additional amount payable to the Contractor upon termination pursuant to the provisions of the contract has been found by the Government and the Contractor to be the sum of $_____(x)_____, which sum the Contractor is willing to and does accept in full and complete settlement except as may be otherwise set forth hereinafter of all liabilities and obligations of the Government under the aforesaid contract;

Now, therefore, the parties hereto do mutually agree as follows:

ARTICLE 1. The Contractor shall furnish and deliver, or has previously furnished and delivered, to the Government at the places and times hereinafter stated the following materials and items:

(Insert description of all items including completed and partially completed supplies, spare parts, work in process, materials, fabricated parts, plans, drawings, information and other things which the Contractor is to deliver to the Government.)

ART. 2. Upon delivery of all the materials and items specified in Article 1 above in accordance with the terms of Article 1, the Government, upon presentation by the Contractor of properly certified invoices or vouchers, will pay to the Contractor in addition to the sum of $_____(a)_____ previously paid to the Contractor for its work and services hereunder, the sum of $_____(x)_____ for all its costs, expenditures, liabilities, commitments and work done pursuant to the contract.

Said sum of $_____(x)_____ is made up as follows:

a. Payment in full for completed supplies (including spare parts, drawings, information and other articles and items) called for by the contract, at the contract price therefor, so far as not previously paid: $_____(u)_____.

b. Payment in full compensation to the Contractor for the uncompleted portion of the contract, including without limitation a reasonable allowance for profit for work actually done: $_____(v)_____.

c. Payment in full for all expenditures made and costs incurred after the termination notice for the protection of Government property and for such other expenditures and costs as were necessary in connection with the settlement of the contract: $_____(y)_____.

ART. 3. The Contractor agrees to accept the said additional sum of $_____(x)_____ in full and complete settlement of all its rights and of all obligations and liabilities of the Government under this aforesaid contract and agrees to release, and does hereby release, the Government from all further liability and obligation under said contract (except as may be otherwise set forth hereinafter) provided that said additional payment is made in accordance with Article 2 hereof.

ART. 4. Upon payment of the additional sum specified in Article 2 hereof, the contract shall terminate and all rights and liabilities of the parties thereto and all obligations of the Government to make further payments or to carry out other undertakings thereunder shall cease forthwith and forever, except: (Omit any of the following which are not applicable.)

(1) All rights of the Government to the recovery of excessive profits pursuant to Sec. 403 of the Sixth Supplemental National Defense Appropriation Act, 1942 (Pub. No. 528, 77th Congress) as amended by Sec. 801 of the Revenue Act of 1942 (Pub. No. 753, 77th Congress) on account of payments made to the Contractor hereunder.[1]

(2) All rights and liabilities of the parties hereto under the articles, if any, in the contract applicable to inventions, patent rights, patent infringements, patent licenses and reproduction rights; and under the articles, if any, in the contract applicable to options (except options to continue or increase the work under the contract), covenants not to compete, covenants of indemnity, and agreements with respect to the future care and disposition by the Contractor of Government-owned facilities remaining in his custody.

(3) All rights of the Government to effect an adustment of patent royalties under the provisions of Pub. No. 768, 77th Congress.

(4) All rights and liabilities of the respective parties under the articles, if any, of said contract concerning defects which may hereafter appear in any materials or supplies furnished to the Government by the Contractor pursuant to said contract or this supplemental agreement. (Here add additional excepted matters, if any.)

In witness whereof—

§ 88.15–932 *Settlement agreement for use where a lump sum construction contract contains a provision for termination for the convenience of the Government substantially in the form contained in § 81.324 (a).*

This supplemental agreement, entered into pursuant to the First War Powers Act and Executive Order No. 9001, this _____ day of _____, 194____, by the United States of America, hereinafter called "The Government" represented by _____ (authorized officer) executing this contract and _____ hereinafter called "the Contractor".

Witnesseth that:

Whereas, the Contractor and the Government have entered into Contract No. W_____ under date of _____, 194____, as amended and supplemented by _____, date _____, 194____; and

Whereas, it has been determined that it is in the best interest of the Government to terminate the aforesaid contract; and

Whereas, said contract provides for termination of such contract at the convenience of the Government and for the determination by negotiation of the amount payable on account of the contract; and

Whereas, it is to the advantage of the parties to arrange this negotiated settlement and the interests of the Government are being fully protected thereby; and

Whereas, the Government and Contractor after negotiations have arrived at an agreement as to the sum payable on account of such contract; and

Whereas, in the light of such agreement, the amount payable to the Contractor upon termination pursuant to the provisions of the contract has been found by the Government and the Contractor to be the additional sum of $ _____ (x) _____, which sum the Contractor is willing to and does accept in full and complete settlement except as may be otherwise set forth hereinafter of all liabilities and obligations of the Government under the aforesaid contract,

Now, therefore, the parties hereto do mutually agree as follows:

ARTICLE 1. The Contractor shall furnish and deliver or has previously furnished and delivered, to the Government at the places and times hereinafter stated the following materials, supplies, equipment, machinery and machine tools and items:

(Insert description of all items including all materials, supplies, work in process, facilities, equipment, machinery, tools, plans, drawings, information and other things which the Contractor is to deliver to the Government.)

ART. 2. Upon delivery of all the items specified in Article 1 above in accordance with the terms of Article 1, the Government, upon presentation by the Contractor of properly certified invoices or vouchers, will pay to the Contractor in addition to the sum of $ _____ (a) _____ previously paid to the Contractor for its work and services hereunder, the sum of $ _____ (x) _____ for all its costs, expenditures, liabilities, commitments and work done pursuant to the contract, a total sum of $ _____ (a) _____ plus _____(x)_____.

Said sum of $_____(a)_____ plus _____(x)_____ is made up as follows:

a. Payment in full compensation to the Contractor on account of the settlement of this contract, including without limitation, a reasonable allowance for profit for work actually done: $_____(y)_____.

b. Payment in full for expenditures made and costs incurred after the termination notice for the protection of Government property and for such other expenditures and costs as were necessary in connection with the settlement of the contract: $_____(z)_____.

ART. 3. [Note:—Article 3 and subsequent articles of this form are the same as those similarly numbered found in § 88.15–931 hereof.]

§ 88.15–933 *Supplemental agreement for use where a lump sum supply or construction contract contains no article for termination for convenience of the Government and the contractor will not agree to amend the same by inserting the article contained in § 81.324, or where any such contracts do not contain termination for the convenience of the Government articles and a negotiated settlement can be effected.*

SUPPLEMENTAL AGREEMENT

This supplemental agreement entered into this _____ day of _____, 194__, by and between the United States of America, hereinafter called "the Government", represented by the Contracting Officer executing this agreement, and _____ hereinafter called "the Contractor".

Witnesseth that:

Whereas, On the _____ day of _____, 194____, the parties hereto entered into Contract No. _____ for _____

Whereas, The Government desires to terminate said contract for the convenience of the Government and to settle the rights of the parties by reason of such termination;

Whereas, This contract is entered into pursuant to the First War Powers Act, 1941 and Executive Order No. 9001, and

Whereas, It has been determined that the execution of this agreement will facilitate the prosecution of the war:

Now, therefore, The parties do mutually agree as follows:

ARTICLE 1. The Contractor shall furnish and deliver to the Government at the places

[1] If the settlement is to be exempted from renegotiation (see § 81.1204 (1)) this paragraph (1) should be omitted entirely.

and times hereinafter stated the following materials, supplies, equipment, machinery, tools, and items:

ART. 2. Upon delivery of all the property specified in Article I above in accordance with the terms of Article 1, the Government upon presentation by the Contractor of properly certified invoices or vouchers will pay to the Contractor in addition to the sum of $---------- previously paid to the Contractor for its work and services hereunder, the sum of $----------.

ART. 3. The Contractor agrees to accept the said sum of $---------- in full and complete settlement of all its rights and of all obligations and liabilities of the Government under this aforesaid contract and agrees to release, and does hereby release, the Government from all further liability and obligation under said contract (except as may be otherwise set forth hereinafter) provided that said additional payment is made in accordance with Article 2 hereof.

ART. 4. Upon payment of the additional sum specified in Article 2 hereof, the contract shall terminate and all rights and liabilities of the parties thereto and all obligations of the Government to make further payments or to carry out other undertakings thereunder shall cease forthwith and forever, except:

(1) All rights, and liabilities of the respective parties under the articles, if any, of this contract, applicable to patent infringement and patent license rights which shall continue in full force and effect.

(2) All rights of the Government to effect an adjustment of patent royalties under the provisions of Public Law No. 768, 77th Congress.

(3) All rights and liabilities of the respective parties under the articles, if any, of said contract, concerning defects which may hereafter appear in any supplies and materials furnished the Government pursuant to said contract or of this supplemental agreement which rights and liabilities shall continue in full force and effect.

(4) All rights of the Government to the recovery of excessive profits pursuant to Section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942 (Public Law 528, 77th Cong.) as amended by Section 801 of the Revenue Act of 1942 (Public Law 753, 77th Cong.).

In witness whereof, The parties hereto have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

Witnesses:

---------- By----------

---------- ----------
(Official title)

(Contractor)

(Address)

(Obtain approval and consent of surety if required.)

§ 88.15–934 *Cost-plus-a-fixed-fee supply contracts.* Substantially the following form will be used, pursuant to § 88.15–655, for a final settlement agreement in connection with the termination of a cost-plus-a-fixed-fee contract:

This supplemental agreement, entered into this -------- day of ----------, 194---- by the United States of America hereinafter called "the Government" represented by ---------- executing this contract and ----------, hereinafter called "the Contractor",

Witnesseth that:

Whereas, the Contractor and the Government have entered into Contract No. W ------ under date of ----------, 194----, as amended and supplemented by ----------, dated ----------, 194----; and

Whereas, it has been determined that it is in the best interest of the Government to terminate the aforesaid contract; and

Whereas, said contract provides for its termination at the convenience of the Government; and

Whereas, it has been determined that there is due the Contractor the sum of $---------- (a) ---------- as reimbursement for all costs incurred in accordance with the terms of the contract, and the sum of $ ---------- (b) ---------- as payment of the fixed fee in accordance with the terms of the contract, and

Whereas, the Contractor is willing to and does accept such amounts in full and complete settlement of all liabilities and obligations of the Government under said contract, except as may be otherwise set forth hereinafter;

ARTICLE 1. The Contractor shall furnish and deliver, or has previously furnished and delivered, at the places and times stated the Government-owned materials, supplies, equipment, machinery, tools and other articles listed in Schedule A, attached hereto and made a part hereof.[1]

ART. 2. Upon the delivery of all of such articles, and upon the presentation by the Contractor of properly certified invoices or vouchers, the Government will pay to the Contractor the sum of $------(a)------ as reimbursement for all costs incurred by the Contractor in accordance with the terms of the contract and not previously reimbursed.

ART. 3. The Government will also, at the same time, and upon the submission by the Contractor of a properly certified invoice or voucher, pay to the Contractor the sum of $------(b)------ as payment in full of the remainder of the fixed fee due to the Contractor under said contract as terminated.

ART. 4. Upon payment of the sums specified in Articles 2 and 3 said contract shall terminate and all rights and liabilities of the parties thereto, and all obligations of the Government to make further payments or to carry out other undertakings thereunder shall cease forthwith and forever, except: (Omit any of the following which are not applicable.)

(1) All rights of the Government to the recovery of excessive profits pursuant to Sec. 403 of the Sixth Supplemental National Defense Appropriation Act, 1942 (Pub. No. 528, 77th Congress) as amended by Section 801 of the Revenue Act of 1942 (Pub. No. 753, 77th Congress) on account of payments made to the Contractor hereunder.[2]

(2) All rights and liabilities of the parties hereto under the articles, if any, in the contract applicable to inventions, patent rights, patent infringements, patent licenses and reproduction rights; and under the articles, if any, in the contract applicable to options (except options to continue or increase the work under the contract), covenants not to compete, covenants of indemnity, and agreements with respect to the future care and disposition by the Contractor of Government-owned facilities remaining in his custody.

(3) All rights of the Government to effect an adjustment of patent royalties under the provisions of Pub. No. 768, 77th Congress.

(4) All rights and liabilities of the respective parties under the articles, if any, of said contract concerning defects which may hereafter appear in any materials or supplies furnished to the Government by the Contractor pursuant to said contract or this supplemental agreement. (Here add additional excepted matters, if any.)

In witness whereof—

[1] If such a schedule has previously been prepared for some other purpose it may be incorporated herein by reference.

[2] If the settlement is to be exempted from renegotiation (see § 81.1204 (1)) this paragraph (1) should be omitted entirely.

INSTRUCTIONS TO CONTRACTORS AND SUBCONTRACTORS

§ 88.15–936 *Lump sum contractors.* The following form of Instructions to Contractors will accompany each Notice of Termination in connection with the termination of a lump sum supply contract (see §88.15–912 (a)).

INSTRUCTIONS TO CONTRACTORS IN REGARD TO TERMINATION OF LUMP SUM SUPPLY CONTRACTS

SECTION 1—INTRODUCTION

1. *Necessity for termination.* The constant change in the requirements of our armed forces makes it necessary to terminate certain contracts from time to time. Your contract is among these so that its termination is in no sense to be taken as an indication that the War Department is in any way dissatisfied with your performance.

2. *Termination procedure policy.* It is the intention of the War Department to make a proper adjustment with you in accordance with customary commercial practice and the termination article in your contract. However, since public funds are involved, you must submit adequate accounting data to support your request for an adjustment based on the termination. This must be done before payment can be made. When this accounting data is received, the War Department will cooperate with you in arriving at a speedy and equitable negotiated settlement. To assist in effecting termination settlements, the War Department has prepared Procurement Regulation No. 15 and the Termination Accounting Manual for Fixed-Price Supply Contracts. These documents govern the termination of contracts for the convenience of the Government. A copy of the Accounting Manual is inclosed. A copy of the Procurement Regulation, which is primarily designed for the guidance of Government contracting personnel, may be obtained by application to the Contracting Officer. These instructions, however, summarize the action which you must take.

3. *Necessity for prompt action* To expedite payment to you, it is imperative that you take action immediately to supply the Statement of Costs, Inventories and other information (see Exhibit 1) requested in these instructions. Inventories should be prepared immediately. The Statement of Costs may be prepared either on the "inventory" basis shown in Exhibit 1, Schedule F, *or* on the "total cost" basis shown in Exhibit 1, Schedule G. (See Termination Accounting Manual, paragraphs 2102.3 and 2102.4.) If prepared on the "total cost" basis, the statement will nevertheless be supported by adequate inventories and other schedules. The inventory method is preferred where the necessary cost information is reasonably available. There is *no* occasion for delaying the submission of this statement, pending the disposition of items of inventory, submission of statements of subcontractors' termination charges for approval, or determination of your own charges incurred after termination. It will expedite audit if you submit this statement at the earliest possible moment. It is believed that such information can be furnished within 30 days after receipt of the Notice of Termination. If any parts of your proposal for a negotiated settlement can be presented separately and in advance of the completion of the proposal, this should be done. It is essential that this be done when you request a partial payment, since partial payment will be made on the basis of such partial proposals.

SECTION 2—NOTICE OF TERMINATION

4. *Cessation of work and notification to suppliers.* Immediately upon receipt of the Notice of Termination (with which these instructions are sent), you should take the following steps:

a. On the effective date of the Notice, stop all the work or that portion of the work which the Notice of Termination requires you to stop, and make no further commitments in connection with the contract (or the portion of the contract which the Notice discontinues). However, if, for any reason, you believe it inexpedient to stop any portion of the work as required in the Notice of Termination, you should communicate this information to the Contracting Officer immediately and obtain his instructions. This should be done promptly, by telephone or personal conference, and you should request written confirmation of any variations from instructions given by the Termination Notice.

b. Notify all subcontractors and suppliers that your contract has been terminated and order them to stop all or a part of their work in compliance with the Notice of Termination. Also order them to make no further commitments in connection with their subcontracts. In general, you are in the same position as to your subcontractors as is the Government in relation to you. You should request them to furnish to you promptly inventories and cost statements (see Annexed Exhibits) so as to speed up settlement of their termination charges as much as possible.

c. Notify the Contracting Officer of any pending legal proceedings, or legal proceedings subsequently brought, with respect to any subcontracts or purchase orders related to the terminated contract.

SECTION 3—INVENTORIES

5. *Inventory of materials on hand.* Immediately after stopping work, you should arrange to take an inventory of finished items, material in process, tools and raw materials applicable to the terminated contract, reporting the results in substantially the forms set forth as Schedules A to E of Exhibit 1 attached hereto. Separate statements are to be prepared for *Government-owned* property in your possession. Inventory should include all material (for which costs are to be charged) applicable to the terminated contract and *owned by your company* even if located in plants of your subcontractors; however, in special cases, it may be advisable to have separate inventories. Immediately upon completion of the inventory copies should be submitted to the Contracting Officer.

6. *Necessity for promptness in submission of inventories.* It is expected that these inventories can be prepared and submitted before the remainder of your Statement of Costs. Prompt submission will enable this office to advise you as to the disposition of inventory, and will therefore expedite the entire settlement. The contracting officer may request you to furnish preliminary or partial inventories. You may file partial inventories without such request when such action will assist in (a) the retention or disposal of property by you, or (b) supporting a partial payment requested by you.

7. *Policy of War Department concerning inventory.* It is the policy of the War Department, so far as possible, to dispose of inventories through normal commercial channels. Disposal will ordinarily be handled in one of the following ways:

a. *Materials which can be used by your company or sold to others and as to which you will seek no reimbursement from the Government.* Except as otherwise explicitly directed by the Contracting Officer in the Notice of Termination or in other written communication, you are authorized, without further approval of the Contracting Officer but subject to subparagraph c of this paragraph 7 and to existing regulations of the War Production Board or of other Government Agencies to retain or sell all materials, title to which has not passed to the United States.

b. *Materials which can be returned to suppliers for full credit.* These items should be noted in the "Recommended Disposal" column as "Returned to Vendor at Cost." No approval from this office is required for this action subject to the same limitations as paragraph 7*a*, if the amount, of which you will request reimbursement from the Government, will not exceed the freight charges for shipment to you and return to suppliers, plus reasonable packing and handling charges.

c. *Items which can be used by your company or sold to others but not at cost.* It is necessary that the Contracting Officer approve in writing your retention or sale of material at less than cost. (Note to Contracting Officer: In proper cases this provision may be liberalized. See Procurement Regulation 15–359.) Therefore, when you intend to request the Government to reimburse you for the difference between cost and the receipts from disposal, you must obtain such approval in writing from the Contracting Officer, sending him the following information:

(1) Complete description of material for sale.

(2) Cost of the material as shown in your inventory.

(3) Proposed selling price or price at which you agree to retain it.

(4) Brief statement as to why the material cannot be sold at full value.

d. *Partial inventories.* Authority to retain or dispose of portions of your inventory may be obtained by submitting a partial inventory covering such items. You are urged to submit partial inventories promptly of all items which you are willing to retain or of which you recommend for sale. Such items must be scheduled in detail on the inventory forms as provided in following paragraphs. Show your recommendations in the column "Recommended Disposal" on the inventory schedules.

8. *Organization for inventory taking.* Your inventories should be taken in accordance with the instructions contained in Part II, Chapter 2 of the Termination Accounting Manual.

SECTION 4—PRESENTATION OF STATEMENT OF COSTS

9. *Statement of costs of uncompleted portion of the contract.* As soon as possible after the receipt of the Notice of Termination, you should prepare and submit to the Contracting Officer a statement of *your own* costs with respect to the uncompleted portion of the contract to the date of termination, in general, in one of the two forms as set forth in Exhibit 1. You will note that these schedules are exclusive of subcontractor's claims and costs incurred by you after termination. Please note that this Statement of Costs is to be certified. (See Exhibit 1, Schedule F or G). All records and papers pertinent to and in support of the statement of your costs should be preserved.

10. *Determination of amount of settlement*—a. *Completed items.* All articles completed in accordance with the contract, for which you have not previously been paid, are to be charged at the contract unit price.

b. As to *uncompleted items*, settlement will take into account all reasonable material, burden and labor costs properly applicable to such partially completed items in accordance with recognized accounting practice. The basis upon which you should prepare your statements of costs of uncompleted items is set forth in the Termination Accounting Manual, especially pars. 2101 *et seq.*

c. Indirect charges and administrative expenses properly applicable to the contract when computed and distributed in accordance with recognized accounting practice are normally allowable as termination charges. More specific information on this subject is set forth in Part I, Chapter 3 of the Termination Accounting Manual.

SECTION 5—SUBCONTRACTORS AND VENDORS

11. *Notification of subcontractors and vendors.* No costs will be allowed to you in connection with the settlement which arise from failure on your part effectively to notify subcontractors and vendors of the termination of their subcontracts or purchase orders, within a time which is found by the Contracting Officer to be reasonable under the circumstances.

12. *Statements and other papers to be obtained from subcontractors.* The same type of statements covering inventories and expenses applicable to the termination should be required from your subcontractors and suppliers which the Government requires from you. The extent to which these reports are detailed will of course depend upon the complexity of the subcontract.

13. *Disposal of inventories.* The subcontractor is authorized to retain, return or sell inventory subject to the same restrictions placed upon your company by the provisions of Paragraph 7 unless the Contracting Officer hereafter gives you written permission to approve such dispositions within limits stated by him. (Note to Contracting Officer: See Procurement Regulation No. 15–359 for possible liberalization of these provisions and proper cases and exceptions). Requests for the retention or disposal of items which will directly or indirectly enter into your termination charges against the Government must be submitted to this office for approval.

14 *Statement of costs.* In any case where the subcontractor will request payment of termination charges, the subcontractor should furnish a certified Statement of Costs to you in one of the same general forms which the Government requires you to file in your own behalf. After your review, as described in Paragraph 15, the subcontractor's claim should be promptly submitted to this office for approval.

15. *Review of subcontractor's statements.* It is your primary responsibility to review or examine in an appropriate manner all statements and proposals for settlement of charges arising out of the termination submitted to you by your subcontractors and suppliers. The problem faced by you in passing upon the propriety of these proposals is similar to the problem faced by the Government with respect to your statement and proposal. A review or examination by you of each subcontractor's Cost Statement and proposal for settlement is necessary. In this respect, you should make an examination, reasonable under all the circumstances, and you will be held to the standard of scrutiny that a prudent business man would ordinarily employ in the conduct of his own affairs. You will not be required to warrant the accuracy of the facts presented by the subcontractors. A certification that, on the basis of a review or examination which you believe to be adequate, you are of the opinion that the proposed settlement is fair and reasonable and would be made by you if reimbursement by the Government were not involved will suffice. (See Exhibit 2—Schedules E and F for form of certificates by you and your subcontractors.)

SECTION 6—PARTIAL PAYMENTS

16. In order to relieve you, to the greatest extent possible, of financial inconvenience caused by the termination of your contract, it is the policy of the Government to make partial payments to you on account of the amounts owing to you or, through you, to your subcontractors or suppliers by reason of this termination, as rapidly as you make it possible to do so. (See Paragraph 3.)

You may request a partial payment at any time after receipt by you of the Notice of Termination. Your request should be supported with sufficient data for the Contracting Officer to find that at least the amount requested is clearly due and owing to you on account of the termination and that there are no offsets to or assignments of the amounts owing to you. A partial payment may be made to you whenever you and the Contracting Officer are in agreement that at least the amount of the proposed partial payment is due and owing to you in connection with the termination. A partial payment will also be made to you whenever you and the Contracting Officer are in agreement that the proposed partial payment is necessary to enable you to make payments to your subcontractor or suppliers in amounts which you and the Contracting Officer agree are clearly owing to them.

SECTION 7—EXPENSES SUBSEQUENT TO TERMINATION

17. *Approval of expenditures.* You should obtain the Contracting Officer's approval of all costs incurred by you after the effective date of the Notice of Termination.

a. For the protection of Government property.

b. Other expenditures in connection with the terminated contracts. (See Paragraph *e* of the Termination Article in your contract)

You must take adequate precaution to protect property in your possession to which the Government has or may have an interest.

SECTION 8—NEGOTIATION OF SETTLEMENT

18. After all suppliers' and subcontractors' settlements have been approved and inventories have been disposed of to the greatest extent possible, you will find it advisable to submit a summary of your Statement of Costs and proposal for negotiated settlement and of all accompanying schedules (if these have previously been submitted separately at different times). A proposed form for this summary is illustrated in Exhibit 2. Even if all your Statements are submitted together, (See Paragraph 9) this form provides a convenient summary for the use of the Contracting Officer. This statement will be a recapitulation of your entire proposal for settlement, and as such will include your settlements with subcontractors, as approved, and expenses incurred subsequent to termination with the approval of the Contracting Officer. After submission of this report, a representative of the Contracting Officer will arrange for final negotiation with you of a settlement of your proposal.

SECTION 9—FURTHER INFORMATION

19. Whenever the termination article in your contract requires the approval of the Contracting Officer, you should, for your records, obtain written confirmation of any such approval or any instructions or rulings given orally.

20. The negotiator actively in charge of the settlement of your contract is:

(Name of Negotiator in Charge)

(Address)

(Telephone) (Extension)

The negotiator is *not* authorized to agree finally to a settlement with you, but will endeavor to obtain answers to any inquiries you may have and will advise you as to procedure.

(a) *Exhibits.* There are set forth in paragraphs (b) and (c) of this section exhibits to the form of instructions to contractors contained in this section.

(b) *Exhibit 1.*

SCHEDULE A—RAW MATERIALS

Line #	Location	Quantity	Part or Dwg. No.	Complete description	Purchased from	Cost unit total	Recommended disposal [1]

SCHEDULE B—PURCHASED PARTS

Line #	Location	Quantity	Part or Dwg. No.	Complete description	Purchased from	Cost unit total	Recommended disposal [1]

SCHEDULE C—WORK IN PROCESS

Line #	Location	Quantity	Part or Dwg. No.	Complete description	Burden	Cost		Recommended disposal [1]
						Direct labor	Direct material	

SCHEDULE D—TOOLS, DIES, JIGS AND FIXTURES

Line #	Location	Quantity	Complete description	Purchased from	Cost		Unamortized balance	Recommended disposal [1]
					Unit	Total		

[1] Each item for which the recommended disposal will involve a loss, for which you will expect reimbursement from the Government, must be supported in accordance with paragraph 7*c* of instructions. Please note in this column the price at which you will be willing to retain each item or group of items, as to which no other disposal is recommended.

SCHEDULE E—COMPLETED ITEMS

Number of units called for by Contract ------
Unit price $------
Total Contract price $------
Completed to date:
Number of units ------ $------
Deliveries accepted and paid. Number of units ------ $------
Deliveries unpaid.[2] Number of units ------
Balance subject to inspection and billing per inventory. Number of units ------ $------

[2] Deliveries unpaid must be supported by listings of invoices.

SCHEDULE F

(This schedule is the form set out in § 88.15–404 and is not reproduced here.)

SCHEDULE G

(This schedule is the form set out in § 88.15–405 and is not reproduced here.)

(c) *Exhibit 2.*

SCHEDULE A

[Note to Contractor: This schedule provides a useful summary of your proposal for settlement and its accompanying schedules. See paragraph 18 of Instructions.]

STATEMENT OF COSTS AND PROPOSALS FOR NEGOTIATED SETTLEMENT

Statement of ---------- Contract No.------
Effective Date of Termination------
Date of Settlement ------

Inventory on hand (Schedule B)	$------
Loss on Disposal of Inventory (Schedule B)	------
Indirect Factory Expense (Note 1)	------
General and Administrative Expense (Note 1)	------
Other Costs (excluding expenses subsequent to termination (Note 1))	------
Expenses Subsequent to Termination (Note 1)	------
Total Contractors Cost	$------
Proposed Profit Allowance (Note 2)	------
Approved Subcontractors' Claims Paid (Note 3)	------
Total Reimbursement Requested	------
Less Advance and Partial Payments (Note 3)	------
Total Reimbursement Due	------

NOTE 1—Schedules showing detail and method of computations must be included.

NOTE 2—Schedule showing method of computation must be included.

NOTE 3—Schedule of payments must be included.

SCHEDULE B—SUMMARY OF INVENTORY DISPOSAL

	Inventory at termination	Inventory on hand [1]	Inventory disposed of	Disposal proceeds	Loss on disposal
Raw Materials					
Purchased Parts					
Work in Process					
Tools, dies, jigs and fixtures					
Total					

[1] Detailed in Schedule C.

SCHEDULE C

RAW MATERIALS ON HAND

Line #[2]	Location	Quantity	Part or Dwg. No.	Complete description	Purchased from	Cost unit total[3]	Estimated weight

PURCHASED PARTS ON HAND

Line #[2]	Location	Quantity	Part or Dwg. No.	Complete description	Purchased from	Cost unit total[3]	Estimated weight

WORK IN PROCESS ON HAND

Line #[2]	Location	Quantity	Part or Dwg. No.	Complete description	Burden	Cost[3]			Estimated weight
						Direct labor	Direct material	Total	

TOOLS, DIES, JIGS AND FIXTURES NOT AMORTIZED ON HAND

Line #[2]	Location	Quantity	Complete description	Purchased from	Cost		Unamortized balance	Estimated weight
					Unit	Total		

[2] Line numbers referred to are as originally listed in Schedules A, B, C, and D of Exhibit 1.
[3] Total Cost or unamortized balances as listed in Schedules A, B, C, and D of Exhibit 1.

SCHEDULE D

(This schedule is the form set out in § 88.15–409 and is not reproduced here.)

SCHEDULE E

(This schedule is the form set out in § 88.15–440 and is not reproduced here.)

SCHEDULE F

(This schedule is the form set out in § 88.15–410 and is not reproduced here.)

§ 88.15–937 *Lump sum subcontractors under cost-plus-a-fixed-fee prime contracts.* (A form of instructions similar to the one in § 88.15–936 is being prepared).

INVENTORY FORMS

§ 88.15–941 *Inventory form.* The following inventory form will be used pursuant to § 88.15–351:

(See form annexed as Exhibit 1, Schedule A and following to Instructions in paragraph (b) of § 88.15–936.

§ 88.15–946 *Form of order requesting delivery of and transfer of title to property to the Government.* Substantially the following form may be used (see § 88.15–367) to authorize or direct the delivery of property, and the transfer of title thereto, to the Government:

XYZ Corporation
New York, New York
Gentlemen:

Pursuant to paragraph (a) of Article ____ (Termination for the Convenience of the Government) of Contract No. _____, you are hereby authorized and directed *to transfer to the Government title to the property hereinafter mentioned and*[1] to make delivery of the property hereinafter mentioned F. O. B. _____ on or before _____ 194__ consigned to _____ (address) _____:

Material	Your Inventory Page and Item

You will notify the undersigned on making shipment in accordance with this instruction.

JOHN DOE,
Major, A. C.
Contracting Officer.

§ 88.15–947 *Form of approval for sale, return or retention of materials.* The following form may be used to authorize and, with appropriate modifications, to ratify the sale, return or retention of materials or other items, pursuant to § 88.15–350 (c).

XYZ Corporation
New York, New York
Gentlemen:

Pursuant to paragraph (a) of Article ____ ("Termination for the convenience of the Government") of Contract No. _____, you are hereby authorized to { sell to _____ / return to _____ / retain for your own use }

at the prices indicated therefor, the following materials or items, originally procured by you in connection with your work under said contract:

Material	*Unit Price*	*Total Price*
Grand Total		

The above grand total will be applied in reduction of the amount ultimately agreed upon as due you on account of the termination of said contract.

JOHN DOE,
Major, A.C.,
Contracting Officer.

[SEAL]

J. A. ULIO,
Major General,
The Adjutant General.

[1] Italicized words may be omitted if title has already been delivered to the Government.

[F. R. Doc. 43–13627; Filed, August 20, 1943; 11:46 a. m.]

TITLE 17—COMMODITY AND SECURITIES EXCHANGES

Chapter I—Commodity Exchange Administration

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra.*

TITLE 26—INTERNAL REVENUE

Chapter I—Bureau of Internal Revenue

Subchapter A—Income and Excess Profits Taxes

[T. D. 5291]

PART 19—INCOME TAX UNDER THE INTERNAL REVENUE CODE

EXTENSION OF TIME TO ARMED FORCES FOR FILING DECLARATIONS AND PAYING TAX

Any taxpayer who is a member of the military or naval forces of the United States in active service on September 15, 1943, is hereby granted an extension of time for such period as may be necessary but not beyond March 15, 1944, within which to file the declaration of estimated tax required by section 58 of the Internal Revenue Code, as amended, and to pay such estimated tax or any installment thereof otherwise required to be paid before March 15, 1944. If under the terms of the extension herein granted the time for filing a declaration of estimated tax is extended beyond the close of the taxpayer's taxable year and the taxpayer makes his income tax return and pays the tax for such taxable year on or before March 15, 1944, no declaration of estimated tax need be filed for such year. As used herein the term "member of the military or naval forces of the United States" includes any individual in the Army of the United States, the United States Navy, the Marine Corps, the Coast Guard, the Army Nurse Corps, Female, the Women's Army Corps, the Navy Nurse Corps, Female, the Women's Reserve branch of the Naval Reserve, the Women's Reserve branch of the Coast Guard Reserve, and the Women's Reserve branch of the Marine Corps Reserve (Marine Corps Women's Reserve), and any commissioned officer of the Coast and Geodetic Survey or of the Public Health Service.

(Sec. 58 (e) of the Internal Revenue Code, added by section 5 of the Current Tax Payment Act of 1943 (Pub. Law 68, 78th Cong.), approved June 9, 1943, and

section 62 of the Internal Revenue Code (53 Stat. 32; 26 U.S.C., 1940 ed., 62))

[SEAL] GUY T. HELVERING,
Commissioner of Internal Revenue.

Approved: August 21, 1943.

JOHN L. SULLIVAN,
Acting Secretary of the Treasury.

[F. R. Doc. 43-13680; Filed, August 21, 1943; 4:01 p. m.]

TITLE 29—LABOR

Chapter II—National Labor Relations Board

PART 203—PROCEDURE UNDER SECTION 9 (c) OF THE ACT FOR INVESTIGATION AND CERTIFICATION OF REPRESENTATIVES

RUN-OFF ELECTIONS

By virtue of the authority vested in it by the National Labor Relations Act, approved July 5, 1935, the National Labor Relations Board hereby issues the following amendments to its Rules and Regulations—Series 2—as amended (General Rules and Regulations) which it finds necessary to carry out the provisions of said Act. Said amendments to the Rules and Regulations—Series 2—as amended, shall become effective upon the signature of the original amendments by the members of the Board, and upon the publication thereof in the FEDERAL REGISTER.

Sections 203.11 and 203.12, National Labor Relations Board Rules and Regulations—Series 2—as amended, are hereby amended in the following manner:

1. By the insertion of a new section to be known hereafter as § 203.11, to read as follows:

§ 203.11 *Run-off elections.* (a) The agent designated pursuant to the provisions of § 203.10 to conduct the election, shall conduct a run-off election, without further order of the Board, when the results in the election are inconclusive because no choice on the ballot in the election received a majority of the valid ballots cast and when no objections are filed as provided in § 203.10, *Provided,* That a written request by any representative entitled to appear on the run-off ballot pursuant to this section is submitted to him within ten days after the date of the election. Only one run-off election shall be held pursuant to this section.

(b) Employees who were eligible to vote in the election and who are employed in an eligible category on the date of the run-off election shall be eligible to vote in a run-off election.

(c) The ballot in the run-off election shall provide for a selection between the two choices that received the largest and the second largest number of valid votes cast in the election, except as provided in this paragraph.

(1) In the event the number of votes cast for "neither" in an inconclusive election in which the ballot provided for a choice among two representatives and "neither" is less than the number cast for one representative, but more than or equal to the number cast for the other representative, or if the votes are equally divided among the three choices, the run-off ballot shall provide for a choice between the two representatives.

(2) In the event the number of votes cast for "none" in an inconclusive election, in which the ballot provided for a choice among three or more representatives and "none," is equal to the number cast for the representative with the largest number of votes, or is less than the number cast for the representative with the largest number of votes but more than or the same as the number cast for the representative with the second largest number of votes as among representatives, or is the same as the number cast for each of the two highest representatives, the run-off ballot shall provide for a choice between the two representatives.

(3) In the event the number of votes cast for "none" in an inconclusive election, in which the ballot provided for a choice among three or more representatives and "none," is less than the number cast for the representative with the largest number of votes and more than the number cast for any other representative but an equal number of votes is cast for each of two or more such other representatives, the run-off ballot shall provide for a choice among the three or more representatives: *Provided, however,* That in the event such run-off election is inconclusive no further run-off shall be conducted.

(4) No representative shall be accorded a place on the run-off ballot unless that representative received at least twenty percent of the valid votes cast in the election.

(d) Upon the conclusion of the run-off election, the agent who conducted the run-off election, the parties, and the Board shall proceed pursuant to § 203.10 of this Article, insofar as applicable.

2. By changing the number of the present § 203.11 (7 F.R. 8348) to § 203.12.

(Sec. 6 (a), 49 Stat. 452; 29 U.S.C., Sup. IV, 156)

Signed at Washington, D. C., this 23d day of August 1943.

GERARD D. REILLY,
Member.
JOHN M. HOUSTON,
Member.

[F. R. Doc. 43-13731; Filed, August 23, 1943; 11:41 a. m.]

Chapter VI—National War Labor Board

[General Order 7]

PART 803—GENERAL ORDERS

APPROVAL OF INCREASES IN WAGE AND SALARY RATES

General Order No. 7 is hereby amended to read as follows:

§ 803.7 *General Order No. 7.* Since Title VI, section 1 of Executive Order No. 9250, dated October 3, 1942, states that "nothing in this order shall be construed as affecting the present operation of the Fair Labor Standards Act," and since statutes and orders of the duly constituted authorities of the several states fixing minimum rates for certain types of workers carry out the true purposes and intent of the Fair Labor Standards Act, and are designed and intended to eliminate substandards of living within the meaning of section 2 of Title II of Executive Order No. 9250, the National War Labor Board hereby approves increases in wage and salary rates made in compliance with such statutes or orders: *Provided, however,* That if any changes in such statutes or orders are made or promulgated after April 8, 1943, increases directed thereby which would result in a wage or salary rate in excess of 50¢ per hour, may not be made without the approval of the Board.

Adopted August 2, 1943.

(E.O. 9250, 7 F.R. 7871)

L. K. GARRISON,
Executive Director.

[F. R. Doc. 43-13696; Filed, August 23, 1943; 10:11 a. m.]

[General Order 14]

PART 803—GENERAL ORDERS

Authorization to War Department to Pass on Wage and Salary Adjustments for Designated and Civilian Employees.

General Order No. 14, adopted by the National War Labor Board on November 24, 1942, is hereby amended to read as follows:

§ 803.14 *General Order No. 14.* (a) The National War Labor Board hereby delegates to the Secretary of War, to be exercised on his behalf by the Wage Administration Section within the Industrial Personnel Division, Headquarters, Army Service Forces (hereinafter referred to as the "War Department Agency"), the power to rule upon all applications for wage and salary adjustments (insofar as approval thereof has been made a function of the National War Labor Board) covering civilian employees within the continental limits of the United States, employed by

(1) The War Department,

(2) The Army Exchange Service, and

(3) Government-owned, privately operated facilities of the War Department.

all in accordance with the further provisions of this order.

(b) There shall be a standing tripartite Appeals Committee, to consist of two representatives to be appointed by the War Department Agency and two representatives each of industry and labor to be appointed by the National War Labor Board. The Committee may have such assistants as the Board may designate. The Board hereby delegates to the Appeals Committee the power to pass upon appeals from rulings by the War Department Agency under category A (3) above, and to perform such other duties as are hereinafter prescribed.

(c) In the performance of their respective duties the War Department Agency and the Appeals Committee shall comply with the terms of Executive Order No. 9250, dated October 3, 1942, Executive Order No. 9328, dated April 8, 1943 (8 F.R. 4681) the Supplementary Directive of May 12, 1943 (8 F.R. 6490), and all general orders and policies of the National War Labor Board announced thereunder.

Any wage or salary adjustment approved by the Agency "which may increase production costs above the level prevailing in comparable plants or establishments" shall become effective only if also approved by the Director of Economic Stabilization. Notice to this effect shall be contained in all rulings and orders issued by the War Department Agency in wage cases.

Applications for approval of voluntary wage adjustments within the jurisdiction of the War Department Agency shall state whether or not the adjustment if granted may increase production costs above the level prevailing in comparable plants or establishments. If the answer is in the affirmative, the War Department Agency shall send to the War Labor Board for processing to the Office of the Director of Economic Stabilization a copy of the application and a copy of its ruling at the time of issuance thereof, for approval as mentioned above.

The War Department Agency, without making an initial ruling thereon, may refer to the Board for decision by the Board any case which in the opinion of the Agency presents doubtful or disputed questions of sufficient seriousness and import to warrant direct action by the Board.

(d) The War Department Agency and the Appeals Committee shall transmit to the Wage Stabilization Division of the National War Labor Board copies of their respective rulings and rules of procedure as they are issued. In administering the provisions of this order the Agency shall also transmit monthly reports of its rulings to the Wage Stabilization Director of the National War Labor Board, and such additional data as said Division or the Board may from time to time deem necessary.

(e) Any ruling by the War Department Agency hereunder shall be final, subject:

(1) To the National War Labor Board's ultimate power to review rulings on its own initiative, and

(2) In cases under category A (3) above, to the right of any aggrieved party, within a period of fourteen days after the issuance of the ruling, to file an appeal with the Appeals Committee.

(f) Any ruling by the Appeals Committee hereunder shall be final, subject:

(1) To the National War Labor Board's ultimate power to review rulings on its own initiative, and

(2) To the right of any aggrieved party, including the War Department, within a period of fourteen days after the issuance of the ruling, to petition the National War Labor Board for leave to appeal to the Board. The burden shall be upon the petitioner in such cases to show why the Board should be called upon to act.

(g) Any ruling by the War Department Agency hereunder shall be deemed to be the Act of the National War Labor Board unless and until reversed or modified by the Appeals Committee or by the Board.

(h) The term "government-owned, privately-operated facilities of the War Department" shall include for the purposes of this order only those facilities (1) in which the War Department has contractural responsibility for the approval of pay roll costs, and (2) which are designated in lists furnished from time to time, to the Board by the War Department Agency. The Board may at any time, upon at least seven days' notice to the War Department Agency, strike from the list any facility if the Board believes that the policies of Executive Order No. 9017, Executive Order No. 9250, Executive Order 9328 or the Supplementary Directive of May 12, 1943 will be furthered by the Board's acting directly upon the wage and salary adjustments of such facility.

(i) Where disputes about wages and salaries arise between the private operators of said facilities and their employees, the following procedure shall be followed. The dispute shall first be referred for negotiation to the U. S. Conciliation Service. If an agreement is reached, that portion of the agreement pertaining to wages shall be submitted to the War Department Agency for approval. If no agreement is reached, the dispute shall be referred for decision to the appropriate Regional Board, subject to the regular rules of procedure of the National War Labor Board. At the same time, the War Department Agency shall be notified of the dispute and the nature of the case. On its own initiative the Agency may request the Regional Board for any further information concerning the case. When a decision has been reached by the Regional Board, copies of the Board's decision shall be sent to the War Department Agency and the Wage Stabilization Director of the National War Labor Board at the same time that copies are sent to the parties in the dispute. Within the fourteen-day period allowed for filing a petition for review, the War Department Agency may request a review of the case according to the rules of procedure, as amended, of the National War Labor Board.

(E.O. 9250, 7 F.R. 7871)

Adopted August 17, 1943.

L. K. GARRISON,
Executive Director.

[F. R. Doc. 43-13697; Filed, August 23, 1943; 10:11 a. m.]

Chapter IX—Agricultural Labor

NOTE: For document redesignating chapter see Title 6, Chapter II, *supra.*

TITLE 30—MINERAL RESOURCES

Chapter VI—Solid Fuels Administration for War

[Regulation 3]

PART 602—GENERAL ORDERS AND DIRECTIVES

RESTRICTION OF EX-DOCK SHIPMENTS OF COAL FROM GREAT LAKES DOCKS TO PACIFIC NORTHWEST

The increase in fuel requirements in the States of Washington, Oregon, Idaho, Montana and Wyoming has heretofore prompted large and unusual shipments of coal to these States from docks located on Lake Superior and the west bank of Lake Michigan, including docks at Green Bay. It now appears that it will be difficult to supply the coal requirements of the purchasers who have normally obtained coal from these lake docks. It therefore appears necessary to restrict ex-dock shipments of coal from such lake docks so that there may be available an adequate supply on these docks to meet current and future requirements of consumers served by such docks.

Accordingly, since there are other sources of supply available to consumers in the Pacific Northwest, and in order to effectuate the purposes of Executive Order No. 9332, and by virtue of the authority vested by that order, the following regulation is issued by the Solid Fuels Administrator for War:

Sec.

602.31 Definitions.
602.32 Restrictions on the ex-lake dock distribution of coal.
602.33 Damages for breach of contract.
602.34 Violations.
602.35 Applications for modification and exception; inquiries and communications.
602.36 Action under other regulations.

AUTHORITY: §§ 602.31 to 602.36, inclusive, issued under section 2 (a), 54 Stat. 676, as amended by 55 Stat. 236, 55 Stat. 176; E.O. 9332, 8 F.R. 5355; E.O. 9125, 7 F.R. 2719.

§ 602.31 *Definitions.* For purposes of this regulation:

(a) "Bituminous coal" means all bituminous and sub-bituminous coal having calorific value in British thermal units of more than seven thousand six hundred per pound and having a natural moisture content in place in the mine of less than 30 per centum.

(b) "Anthracite" means that coal generally referred to as Pennsylvania anthracite and which is produced in the following counties in Pennsylvania: Carbon, Columbia, Dauphin, Lebanon, Lackawanna, Luzerne, Northumberland, Schuylkill, Susquehanna, and Wayne.

(c) "Person" means any person, partnership, association, business, trust, corporation, government corporation or agency, or organized group of persons.

(d) "Ex-lake dock distribution of coal" means the distribution of bituminous or anthracite coal which has been loaded at docks on Lake Superior or the west bank of Lake Michigan, including docks at Green Bay, for movement from such docks after previous delivery via the Great Lakes.

(e) "Coal in transit" means any bituminous or anthracite coal which (1) has been actually loaded in railroad cars and (2) as to which shipping instructions have actually been received by the originating rail carrier.

§ 602.32 *Restrictions on the ex-lake dock distribution of coal.* (a) All persons are prohibited from selling, offering for sale, or otherwise arranging for the ex-lake dock distribution of coal by any method of transportation to any destination not located in the States of Michigan, Illinois, Wisconsin, Minnesota, Iowa, Nebraska, North Dakota, and South Dakota or located in the Provinces of Ontario or Manitoba in the Dominion of Canada.

(b) The restrictions on distribution provided by this regulation shall not apply to the distribution of coal in transit prior to the effective date of this regulation.

§ 602.33 *Damages for breach of contract.* No person shall be held liable for damages or penalties for any default under any contract or order which shall result directly or indirectly from compliance with this regulation.

§ 602.34 *Violations.* Any person who violates any provision of this regulation or who, by any statement or omission, wilfully falsifies any record which he is required to keep, or who otherwise wilfully certifies false or misleading information to the Solid Fuels Administrator for War, and any person who obtains a delivery or distribution of ex-dock bituminous or anthracite coal in violation of the provisions of this regulation by means of a wilful, false, or misleading statement, may be prohibited from delivering or receiving any material under priority control. The Solid Fuels Administrator for War may also take any other action deemed appropriate, including the making of a recommendation for prosecution under section 35 (A) of the Criminal Code (18 U. S. C. sec. 80), or under the Second War Powers Act (Public No. 507, 77th Cong., March 27, 1942).

§ 602.35 *Applications for modification and exception; inquiries and communications.* (a) Any applications for modification of or exception from any provision of this regulation shall be filed in triplicate with the Washington Office of the Solid Fuels Administration for War. The application shall set forth, in detail, the provisions sought to be modified or from which an exception is sought, and the reasons and data in support of such modification or exception.

(b) All complaints, inquiries, and communications with reference to this regulation shall be addressed to the Solid Fuels Administration for War, Department of the Interior, Washington, D. C.

§ 602.36 *Action under other regulations.* Nothing contained in this regulation shall be deemed to preclude the Solid Fuels Administrator for War from taking appropriate action under Solid Fuels Administration for War Regulation No. 1 (8 F.R. 5832) or under any other regulation which may hereafter be promulgated by him.

This regulation shall take effect at 12:01 a. m. August 24, 1943, subject to such further directives or regulations as may hereafter be issued by the Solid Fuels Administrator for War.

Issued this 20th day of August 1943.

[SEAL] H. A. GRAY,
Deputy Solid Fuels Administrator for War.

[F. R. Doc. 43-13649; Filed, August 21, 1943; 10:00 a. m.]

[Regulation 4]

PART 602—GENERAL ORDERS AND DIRECTIVES

DISTRIBUTION OF BITUMINOUS COAL

The marked increase in fuel requirements incident to the wartime economy of the Nation together with transportation difficulties and shortages in manpower and equipment are tending to result in the inequitable distribution of bituminous coal in many areas. More particularly, it now appears necessary, in furtherance of the war program and pending further detailed study, to require producers of bituminous coal (a) to supply the full amount of their commitments to purchasers using such coal, or reselling such coal for use, in the manufacture of coke, for smithing purposes, for the manufacture of gas, as a raw material in the manufacture of chemicals, and for foundry, malleable, or metallurgical purposes; (b) thereafter, to supply the full amount of their commitments to ship bituminous coal for lake movement during the balance of the current season of navigation; and (c) to distribute the balance of their available coal equitably among other purchasers. Accordingly, in order to effectuate the purposes of Executive Order No. 9332, and by virtue of the authority vested by that order, the following regulation is issued by the Solid Fuels Administrator for War:

Sec.
602.41 Definitions.
602.42 Commitments on shipments for metallurgical and other specified special purposes.
602.43 Commitments on lake shipments.
602.44 Commitments on all other shipments.
602.45 Voluntary efforts to level purchasers' stocks.
602.46 Governmental action implementing voluntary efforts to level purchasers' stocks.
602.47 Producers to notify lake forwarders and other purchasers concerning shipments.
602.48 Lake forwarders and purchasers required to notify Solid Fuels Administrator for War of additional requirements.
602.49 Solid Fuels Administration for War to report the deficiency on lake commitments to Advisory Boards.
602.50 Reports of Advisory Boards concerning deficiencies in commitments for lake shipments.
602.51 Supplemental governmental action.
602.52 Limitation upon applicability of this regulation.
602.53 Prohibited practices.
602.54 Damages for breach of contract.
602.55 Violations.
602.56 Application for modification and exception—Inquiries and communications.
602.57 Action under other regulations.
602.58 Directives under Solid Fuels Administration for War Regulation No. 1.

AUTHORITY: §§ 602.41 to 602.58, inclusive, issued under section 2 (a), 54 Stat. 676, as amended by 55 Stat. 236, 55 Stat. 176; E.O. 9332, 8 F.R. 5355; E.O. 9125, 7 F.R. 2719.

§ 602.41 *Definitions.* For purposes of this regulation:

(a) "Bituminous coal" means all bituminous and subbituminous coal having calorific value in British thermal units of more than seven thousand six hundred per pound and having a natural moisture content in place in the mine of less than 30 per centum.

(b) "Person" means any individual, partnership, association, business trust, corporation, governmental corporation or agency, or organized group of persons.

(c) "Producer" means any person engaged in the business of mining or preparing bituminous coal in Districts 1, 2, 3, 4, 6, 7, and 8, as described in the Annex to the Bituminous Coal Act of 1937 (or the sales agent of any such person).

(d) "Order" means any request for the purchase of bituminous coal or any requisition or other arrangement designed to secure such coal from the mine, central washery, or preparation plant of any producer, commercial or captive, for delivery or use any place within the continental United States or any of its territories or possessions or within the Dominion of Canada.

(e) "Purchaser" means any person who places an order for bituminous coal within the meaning of paragraph (d) of this section.

(f) "Commitment" means any contract, agreement, or arrangement by a producer to furnish a purchaser with a specified quantity of bituminous coal under specified terms and conditions but shall not be affected by any contractual provision or any condition of the agreement or arrangement providing for reduction in the volume of shipments to be made because of reduction in the volume of coal produced.

(g) "Coal in transit" means any bituminous coal (1) which has been actually loaded in railroad cars and (2) in respect to which shipping instructions have actually been received by the originating rail carrier.

(h) "Lake forwarder" means any person who transships or arranges for the transshipment of coal via the Great Lakes.

§ 602.42 *Commitments on shipments for metallurgical and other specified special purposes.* Producers shall forthwith arrange their distribution schedules so that they ship or make adequate provision for shipping each month the tonnage of bituminous coal required to meet in full their monthly commitments to all purchasers using such coal, or reselling such coal for use, in the manufacture of coke, for smithing purposes, in the manufacture of gas, as a raw ma-

terial in the manufacture of chemicals, or for foundry, malleable, or other metallurgical purposes. Producers are prohibited from shipping bituminous coal to any purchaser unless and until they have first shipped or made adequate provision for shipping the tonnage necessary to fulfil commitments pursuant to this section.

§ 602.43 *Commitments on lake shipments.* Producers shall forthwith arrange their distribution schedules so that, subject to compliance with § 602.42 of this regulation, they ship or make adequate provision for shipping, in accordance so far as practicable with shipping instructions received from lake forwarders or purchasers, the balance of their available tonnage of bituminous coal to the extent required to meet in full on or before November 15, 1943, all of their commitments to ship bituminous coal, during the current season of lake navigation (1943), to lake forwarders and purchasers who receive such coal via lake. Producers are prohibited, except as provided in § 602.42 of this regulation, from shipping bituminous coal to any purchaser unless and until they have first shipped or made adequate provision for shipping the tonnage necessary to fulfil commitments pursuant to this section.

§ 602.44 *Commitments on all other shipments.* Producers shall forthwith arrange their distribution schedules so that, after compliance with §§ 602.42 and 602.43 of this regulation, the balance of their available tonnage of bituminous coal, if insufficient to meet all other commitments in full, is prorated on a uniform percentage basis among all other purchasers to whom they have commitments except (a) to the extent that such purchasers agree to receive less than such pro rata share or (b) to the extent otherwise provided by amendments to this regulation or by directives issued pursuant to §§ 602.51 and 602.58 of this regulation.

§ 602.45 *Voluntary efforts to level purchasers' stocks.* Producers and purchasers shall endeavor to agree to reduce pro rata shipments pursuant to § 602.44 of this regulation to those purchasers having on hand more than a reasonable number of days' supply of coal.

§ 602.46 *Governmental action implementing voluntary efforts to level purchasers' stocks.* From time to time the Solid Fuels Administrator for War may implement this regulation so as to specify a reasonable number of days' supply of coal for various classes of purchasers and may when necessary or advisable prohibit or restrict shipments of coal to certain classes of purchasers.

§ 602.47 *Producer to notify lake forwarders and other purchasers concerning commitments.* Each producer shall forthwith notify by telegram each lake forwarder and each purchaser to whom the producer has a commitment governed by § 602.43 of this regulation concerning:

(a) The total tonnage of bituminous coal under commitment to be shipped to such lake forwarder or purchaser during the current season of lake navigation (1943).

(b) The total tonnage of bituminous coal actually shipped to such lake forwarder or purchaser subsequent to April 15, 1943, and prior to the effective date of this regulation; and

(c) The tonnage of bituminous coal which will be shipped pursuant to § 602.43 of this regulation to such lake forwarder or purchaser from the effective date of this regulation to November 15, 1943.

§ 602.48 *Lake forwarders and purchasers required to notify Solid Fuels Administrator for War of additional requirements.* Immediately upon receipt of the telegram referred to in § 602.47 of this regulation from each producer committed to ship bituminous coal to a lake forwarder or purchaser, and in the event that a lake forwarder or purchaser receiving coal via lake is notified by telegrams that the sum of the commitments concerning which he has been notified is less than his requirements to and including May 15, 1944, and is also less than the amount of coal he is authorized to receive by General Order ODT No. 9A (8 F.R. 6381), such lake forwarder or purchaser shall notify by telegram the Solid Fuels Administrator for War in Washington, D. C. concerning the following:

(a) The extent to which the tonnages, sizes and classes of bituminous coal, covered by commitments and which producers have advised will be shipped on or before November 15, 1943, are less than his requirements to and including May 15, 1944, and less than the amount of coal he is authorized to receive by General Order ODT No. 9A;

(b) The sources of supply from whom he had anticipated that he would receive bituminous coal (in addition to that which is covered by commitments and which producers have advised will be shipped on or before November 15, 1943) including the names of producers, sales agents, lake forwarders or other intermediaries; and

(c) What efforts he has made to obtain such additional coal.

§ 602.49 *Solid Fuels Administration for War to report the deficiency on lake commitments to Advisory Boards.* On receiving communications in respect to the deficiency in lake commitments and anticipated lake shipments, pursuant to § 602.48 of this regulation, the Solid Fuels Administrator for War will forthwith ascertain the districts which should be called upon to supply such deficiency in whole or in part and shall report to the Advisory Boards for Districts 1 to 4, inclusive, and Districts 6 to 8, inclusive, the amount of such tonnage which they shall endeavor to arrange to supply in the manner hereinafter provided. Such reports to the Advisory Boards will so far as practicable indicate the sizes and classes of coal to be shipped and the persons to whom such coal is to be shipped.

§ 602.50 *Reports of Advisory Boards concerning deficiencies in commitments for lake shipments.* On receiving the report of the deficiency of lake commitments and anticipated lake shipments pursuant to § 602.49 of this regulation, each Advisory Board shall, under the supervision and direction of the Solid Fuels Administrator for War, ascertain from the producers within its district which of them can and will supply such additional requirements. In making such survey each Advisory Board shall endeavor to distribute the burden equitably among the various producers within its district, taking into account, so far as practicable, contract obligations, the available stocks of purchasers and the continued effective operation of the mines. Upon completion of its survey each Advisory Board shall forthwith report to the Solid Fuels Administrator for War the additional commitments which specified producers in its district are prepared to undertake and fulfill in order to supply the deficiency in lake tonnage.

§ 602.51 *Supplemental governmental action.* Upon receiving the report of each Advisory Board pursuant to § 602.50 of this regulation the Solid Fuels Administrator for War shall forthwith issue such directives or supplementary regulations as may be appropriate.

§ 602.52 *Limitation upon applicability of this regulation.* The provisions of this regulation shall not apply to coal in transit prior to its effective date.

§ 602.53 *Prohibited practices.* No device, plan or scheme shall be engaged in by any person in order to defeat, impair or evade the provisions of this regulation.

§ 602.54 *Damages for breach of contract.* No person shall be held liable for damages or penalties for any default under any contract or order which shall result directly or indirectly from compliance with this regulation.

§ 602.55 *Violations.* Any person who violates any provision of this regulation or who, by any statement or omission, wilfully falsifies any records which he is required to keep, or who otherwise wilfully certifies false or misleading information to the Solid Fuels Administrator for War, and any person who obtains a delivery of bituminous coal by means of a wilful, false or misleading statement, may be prohibited from delivering or receiving any material under priority control. The Solid Fuels Administrator for War may also take any other action deemed appropriate, including the making of a recommendation for prosecution under section 35 (A) of the Criminal Code (18 U.S.C. sec. 80), or under the Second War Powers Act (Public No. 507, 77th Cong., March 27, 1942).

§ 602.56 *Application for modification and exception—inquiries and communications.* (a) Any applications for modification of or exception from any provision of this regulation shall be filed in triplicate with the Washington Office of the Solid Fuels Administrator for War. The application shall set forth, in detail, the provisions sought to be modified or from which an exception is sought, and the reasons and data in support of such modification or exception.

(b) All complaints, inquiries, and communications with reference to this regulation shall be addressed to the Solid Fuels Administration for War, Department of the Interior, Washington, D. C.

§ 602.57 *Action under other regulations.* Nothing contained in this regulation shall be deemed to preclude the Solid Fuels Administrator for War from taking appropriate action under Solid Fuels Administration for War Regulation No. 1 (8 F.R. 5832) or under any other regulation which may hereafter be promulgated by him.

§ 602.58 *Directives under Solid Fuels Administration for War Regulation No. 1.* Directives heretofore and hereafter issued by the Solid Fuels Administrator for War under Solid Fuels Administration for War Regulation No. 1 shall be complied with notwithstanding the provisions of this regulation.

This regulation shall take effect at 12:01 a. m. on August 23, 1943.

Issued this 21st day of August 1943.

H. A. GRAY,
Deputy Solid Fuels Administrator for War.

[F. R. Doc. 43-13647; Filed, August 21, 1943; 9:00 a. m.]

TITLE 32—NATIONAL DEFENSE

Chapter VIII—Office of Economic Warfare

Subchapter B—Export Control

[Amendment 93]

PART 802—GENERAL LICENSES

LICENSE PERMITTING SHIPMENTS NOT EXCEEDING SPECIFIED VALUES

Section 802.10 *General license which permits shipments not exceeding a specified value* is hereby amended in the following particulars:

1. Paragraph (a) is hereby amended in the following particulars:

a. By deleting from the list of commodities set forth therein the following commodities:

Commodity:	*Schedule B No.*
Atabrin	8135.98
Nicotinic acid	8119.98
Plasmochin	2209.98

b. By adding to the list of commodities set forth therein the following commodities:

Commodity:	*Schedule B No.*
After ascorbic acid add—and salts	8119.98
Bismuth metal, salts, and compounds	6649.10, 8135.98 and 8396.30 thru 8396.98
After cacodylic acid add—and salts	8135.98
Hypodermic needles and surgeons' needles	9157.00
Niacin and niacin amide (nicotinic acid and amide)	8119.98
Nikethamide	8135.98
Pamaquine napthoate (plasmochin)	8127.98, 8135.98
Quinacrine hydrochloride (atabrin)	8127.98, 8135.98
Soap	8710.00 thru 8729.00

c. By deleting the asterisk (*) appearing before the following commodities set forth therein:

Ascorbic acid.
Cacodylic acid.
Pyridoxine hydrochloride.
Riboflavin.
Thiamine hydrochloride.

d. And by deleting the words "(except bismuth subgallate)" which appear after the words "Gallic acid".

2 Paragraph (b) is hereby amended by deleting from the list of commodities set forth therein the following commodities:

Atropine.	Homatropine.
Belladonna.	Hyoscine (scopolamine).
Caffein.	Hyoscyamus (henbane).

3. Paragraph (c) is hereby amended by deleting the words "Atrabrin," "Nicotinic acid and amide", and "plasmochin" and substituting therefor the words "Quinacrine hydrochloride", "Niacin and niacin amide", and "Pamaquine napthoate" respectively.

Shipments of commodities set forth in this amendment which were on dock, on lighter, laden aboard the exporting carrier, or in transit to ports of exit pursuant to actual orders for export prior to the effective date of this amendment may be exported under the previous general license provisions. Shipments moving to a vessel subsequent to the effective date of this amendment pursuant to Office of Defense Transportation permits issued prior to such date may also be exported under the previous general license provisions. This amendment shall become effective September 1, 1943.

(Sec. 6, 54 Stat. 714; Public Law 75, 77th Cong.; Public Law 638, 77th Cong.; Order No. 3 and Delegation of Authority No. 25, 7 F.R. 4951; Delegation of Authority No. 47, F.R. 8529; Executive Order No. 9361, 8 F.R. 9861 and Order No. 1, 8 F.R. 9938)

Dated: August 23, 1943.

C. VICTOR BARRY,
Chief of Office, Office of Exports.

[F. R. Doc. 43-13716; Filed, August 23, 1943; 11:46 a. m.]

Chapter IX—War Production Board

Subchapter B—Executive Vice Chairman

AUTHORITY: Regulations in this subchapter issued under P.D. Reg. 1, as amended, 6 F.R. 6680; W.P.B. Reg. 1, 7 F.R. 561; E.O. 9024, 7 F. R. 329; E.O. 9040, 7 F.R. 527; E.O. 9125, 7 F.R. 2719; sec. 2 (a), 54 Stat. 676, as amended by 55 Stat. 236 and 56 Stat. 176.

PART 1010—SUSPENSION ORDERS

[Suspension Order S-407]

SCHAEFER IRON AND METAL CO.

Joel Berkowitz is engaged in business at 14401 Schaefer Road, Detroit, Michigan, handling and dealing in metal of various kinds. He uses the assumed name "Schaefer Iron and Metal Company." Subsequent to May 15, 1942 the respondent made deliveries of iron and steel products (exclusive of salvage and scrap), on orders which had no preference ratings. This was a violation of General Preference Order M-21. The respondent failed to keep adequate records of his business transactions and his failure to do so was a violation of Priorities Regulation No. 1.

The respondent admitted being cognizant of the fact that there were governmental restrictions controlling transactions in iron and steel. Hence his careless disregard of them and his conduct as above-described constituted wilful violations of General Preference Order M-21 and Priorities Regulation No. 1, which have hampered and impeded the war effort of the United States. In view of the foregoing: *It is hereby ordered,* That:

§ 1010.407 *Suspension Order No. S-407.* (a) Joel Berkowitz, doing business as Schaefer Iron and Metal Company, or otherwise, his or its successors and assigns, are prohibited from receiving any iron or steel products or scrap, and also from selling or otherwise disposing of any iron or steel products or scrap, except such iron or steel products or scrap which are on hand at the respondent's place of business at 14401 Schaefer Road, Detroit, Michigan, on the effective date of this order.

(b) Nothing contained in this order shall be deemed to relieve Joel Berkowitz, doing business as Schaefer Iron and Metal Company, his or its successors or assigns, from any restriction, prohibition or provision contained in any other order or regulation of the War Production Board, except in so far as the same may be inconsistent with the provisions hereof.

(c) This order shall take effect on August 22, 1943 and shall expire on November 22, 1943.

Issued this 19th day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 43-13655; Filed, August 21, 1943; 10:51 a. m.]

PART 1022—PLUMBING AND HEATING EMERGENCY REPAIRS

[Preference Rating Order P-84 as Amended August 21, 1943]

Section 1022.1 *Preference Rating Order No. P-84* is hereby amended to read as follows:

§ 1022.1 *Preference Rating Order No. P-84*—(a) *Definitions.* For the purpose of this order:

(1) "Plumbing equipment" means any fixture, material, device or apparatus, including component parts thereof, used as a unit or included in a system designed for the supply of water for drinking or sanitary purposes, for heating or storage of domestic hot water, or for removal of waste water or water-borne wastes, and the gases therefrom, including water, gas and sewer piping, or designed for the chemical treatment of waste matter. It does not include equipment operated for general use as a public utility, equipment designed for industrial processing, or fire protection systems, or for use in aircraft, railroad vehicles or ships, or equipment using electricity as a fuel.

(2) "Heating equipment" means any material, device or apparatus, including

component parts thereof, used as a unit or included in a system designed for generating, conveying, circulating, distributing, transferring, or controlling heat, and designed for, but not necessarily limited to, heating air spaces or controlling temperature within buildings or other structures, excluding ships. It shall also include electrical heat controls.

It shall not include critical heat exchangers as defined in L–172, fans and blowers as defined in L–280, equipment designed primarily for refrigeration or dehumidification as defined in L–38, steel power boilers of the types defined in L–117, steel boilers designed for locomotive or for marine shipboard use, equipment exterior to a building which is heated by steam or hot water distributed from a central source for general use as a public utility, equipment designed for industrial processing, equipment for generating power, equipment using electricity as a fuel, or equipment designed for heating aircraft or automotive or railroad vehicles, but it shall include trailer and caboose stoves.

(3) "Domestic cooking appliances" means gas ranges, cooking stoves, and hot plates for household use; coal and wood ranges and cooking stoves (including laundry stoves except jacketed and built-in coil types) for household use; kerosene, fuel oil, and gasoline ranges, cooking stoves, table stoves, and hot plates for household use; combination ranges (including kitchen heater and bungalow types), except electric, for household use; camp and trailer stoves for cooking purposes; fuel oil conversion range burners; drum ovens, and portable ovens.

(4) "Commercial cooking and food and plate warming equipment" means equipment using coal, wood, oil, gas or other non-electric fuel, or equipment attached to any steam or hot water system, designed for the heating of kitchen utensils or plates, or for the cooking or baking of food for consumption or sale on the premises in which the equipment is located. It includes, but is not limited to, such items as bakers, broilers, fryers, griddles, grills, hot plates, ovens (except built-in types), ranges, roasters, steamers, toasters, urns and warmers, but does not include appliances for household use.

(5) "Commercial dishwasher" means any device designed for washing dishes, cutlery, glassware and kitchen utensils in establishments where food is prepared for consumption or sale on the premises; provided, that "commercial dishwasher" does not include any dishwasher for domestic or household use.

(6) "Consumer" means any person who purchases for use but not for resale any material, equipment or parts included in the definitions (a) (1) through (a) (5) above.

(7) "Repair item" means any equipment or component part thereof included in the definitions (a) (1) through (a) (5) above, except the equipment shown on Lists A and B; however, it does include component parts of this equipment shown on Lists A and B.

(8) "Conversion part" means any component part, other than a stoker, required to convert oil-burning or gas-burning equipment to solid-fuel burning equipment.

(9) "Seller" means any person who:

(i) Sells repair items and conversion parts to a consumer;

(ii) Has the contract to sell to and/or install repair items and conversion parts for a consumer.

(b) *Restrictions on use of preference ratings.* (1) The ratings assigned by this order are to be used only to obtain materials, equipment or parts needed in replacements of plumbing equipment or heating equipment worn out, damaged beyond repair, or destroyed, or to repair such equipment because of an actual break-down, or for conversion parts. They may not be used to replace useable equipment or to make a substitution which would provide more extensive facilities than are necessary to replace the equipment, part or parts worn out, damaged or destroyed. The ratings assigned may not be applied to obtain any equipment shown on List A contrary to any ration order of the OPA or any equipment on List B.

(2) The preference rating herein assigned shall not be applied by any person to deliveries of repair and maintenance items to which deliveries any other order or regulation (such as CMP Regulation 5 or 5A) has assigned a preference rating, except that CMP Regulation 5 may not be used to obtain plumbing equipment or heating equipment by any business not specified in Schedule I or Schedule II of that Regulation and any such business may obtain plumbing and heating repair items in accordance with the terms of this order.

(c) *Assignment of preference ratings.* (1) A preference rating of AA–5 is hereby assigned to deliveries to a seller of repair items (except steel and wrought iron pipe and steel sheets) and conversion parts.

(2) A preference rating of AA–5 and the symbol MRO is hereby assigned to deliveries to a seller of steel and wrought iron pipe and steel sheets for repairs.

(3) Any sale of a repair item to a seller, the cost of which to him is no more than $5.00 shall not be subject to the provisions of paragraph (d). Any person making such a sale may apply a rating of AA–5 for the replacement of stock sold under these conditions.

(4) All deliveries by a seller to a consumer pursuant to paragraph (d) (1) of this order are hereby rated AA–5.

(5) Any person receiving an order accompanied by a ration certificate for an item of rationed equipment specified on List A may apply a preference rating of AA–5 to obtain equipment to fill the order or to replenish his inventory after the order has been filled. However, this paragraph does not authorize any person to obtain equipment from his supplier without complying with any applicable provisions of Office of Price Administration Ration Order 9A regarding the flow back of ration certificates.

(d) *Method of applying preference ratings.* (1) Before the seller applies the AA–5 preference rating for repair items or conversion parts he shall secure from the consumer a certification in substantially the following form signed manually or as provided in Priorities Regulation No. 7 by the consumer:

I hereby certify that the items included in this purchase are needed by me to replace equipment worn out, damaged beyond repair or destroyed, or to repair such equipment because of an actual breakdown or for conversion purposes. I further certify that the use of the repair items will not provide more extensive facilities than now exist.

Address of installation_____
Consumer's signature_____
Address_____

Such certification shall constitute a representation to the War Production Board as well as to the seller of the facts certified therein.

No person shall make delivery under this order who has reason to believe that the purchaser has furnished a false certification; and no person shall make a false statement in the certification specified above.

Any seller may rely upon the facts furnished in the above mentioned certification and shall not be responsible for any action taken by him under this order in reliance upon inaccurate or untrue statements therein, unless he has reason to believe that such statements are inaccurate or untrue.

(2) The seller shall retain this certificate in his files for a period of two years open to inspection by duly authorized representatives of the War Production Board.

(e) *Salvage.* Metallic parts or equipment which is not coated with a fused or nonmetallic surface replaced by similar parts or equipment obtained by the ratings herein assigned shall be turned in for salvage to any authorized scrap metal dealer by the person making the repair or replacement within thirty days after the completion of the repair or replacement.

(f) *Extension of old ratings.* In the case of ratings assigned or applied under this order prior to its amendment August 21, 1943, deliveries may be re-rated in accordance with the provisions of Priorities Regulation No. 12.

(g) *Applicability of regulations.* This order and all transactions affected thereby are subject to all applicable regulations of the War Production Board as amended from time to time.

(h) *Violations.* Any person who wilfully violates any provision of this order or who, in connection with this order, wilfully conceals a material fact or furnishes false information to any department or agency of the United States, is guilty of a crime, and upon conviction may be punished by fine or imprisonment. In addition any such person may be prohibited from making or obtaining further deliveries of, or from processing or using, material under priority control and may be deprived of priorities assistance.

(i) *Communications.* All communications concerning this order shall be addressed as follows: Plumbing and Heat-

ing Division, War Production Board, Washington 25, D. C., Ref: P-84.

Issued this 21st day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

LIST A

RATIONED EQUIPMENT

The following items are subject to rationing by Office of Price Administration. For detailed directions see the local War Rationing Board.

Coal and wood heating stoves.
Oil heating stoves.
Coal and wood cooking stoves.
Oil cooking stoves.
Gas ranges.
Coal and wood ranges.
Kerosene and oil ranges.
Combination ranges.
Kitchen heater ranges.
Bungalow ranges.
Kerosene stoves.
Coal and wood laundry stoves.
Gasoline cook stoves
Gasoline trailer cook stoves.
Gasoline hot plates.
Gas hot plates.
Oil table stoves.
Portable ovens.
Drum ovens.

LIST B

COMMERCIAL COOKING EQUIPMENT AND COMMERCIAL DISHWASHERS

For the following equipment use Form PD-638-A. Mail to the War Production Board, Washington 25, D. C.

Bain Maries.
Bake ovens.
Barbecue machines.
Broilers.
Broiler griddles.
Broiler roasters.
Cake bakers.
Chicken singers.
Chop suey ranges.
Urns.
Confectioners stoves.
Cup warmers.
Deep fat fryers (all types).
Dish warmers.
Egg boilers.
Food warmers.
Grilles.
Griddles.
Hot plates.
Nut blancher ovens.
Hotel ranges.
Restaurant ranges.
Nut roasters.
Oven steamers.
Oyster stoves.
Peanut roasters.
Plate warmers.
Pop corn machines.
French broilers.
Roll warmers.
Rotisseries.
Salamanders.
Sausage warmers.
Short order ranges.
Steam cookers.
Steam jacketed kettles.
Steam tables.
Toasters.
Urn burners.
Vegetable steamers.
Waffle irons.
Warming ovens.
Field ranges.
Marine ranges.
Broiler toaster griddle combinations.
Sterilizer for dishes.
Cereal cookers, steam.
Cabinet type bake ovens.
Roasting ovens.
Section bake ovens.
Commercial dishwashers.
Glasswashers.

AUTOMATIC FUEL BURNING EQUIPMENT

For the following equipment use Form PD-668. Mail to the local Field Office of the War Production Board.

Stokers, Coal ——— Capacity 36 sq. ft. grate area and less.

[F. R. Doc. 43-13656; Filed, August 21, 1943; 10:51 a. m.]

PART 1112—OFFICE MACHINERY

[General Limitation Order L-54-c, as Amended August 21, 1943]

The fulfillment of requirements for the defense of the United States has created a shortage in the supply of certain materials used in the production of office machinery for defense, for private account and for export; and the following order is deemed necessary and appropriate in the public interest and to promote the national defense:

§ 1112.4 *General Limitation Order L-54-c*—(a) *Definitions.* For the purposes of this order:

(1) "Office machinery" means machinery, including attachments thereto, of the type included in Lists I and II attached to this order as they may be amended from time to time.

(2) "New" office machinery means office machinery which has not been delivered to any person acquiring it for use. The term shall not describe any machine which has been delivered for trial, loan, rental or demonstration at any time prior to March 14, 1942. "Used" office machinery means office machinery other than new office machinery.

(3) "Restricted office machinery" means:

(i) Any new office machinery included in List I.

(ii) Any used office machinery included in List I which is in, or which hereafter comes into, the possession of its manufacturer for any purpose other than mere repair or reconditioning, and the manufacture of which was completed after December 31, 1940, and

(iii) Any used punched card tabulating machinery which is in, or which hereafter comes into, the possession of its manufacturer for any purpose other than mere repair or reconditioning, regardless of its age.

(4) "Manufacturer" means any person manufacturing new office machinery or sets or parts, to the extent that he is engaged in such manufacture, and shall include majority-owned sales, distribution, and manufacturing subsidiaries.

(5) "Dealer" means any wholesaler, retailer or other distributor of restricted office machinery other than a sales or distribution subsidiary of a manufacturer, and shall include any person, firm or corporation normally receiving restricted office machinery on consignment.

(6) "Delivery" means any physical transfer of restricted office machinery, and includes transfers for trial, loan, rental, demonstration or other use.

(7) "Army", "Navy" and "Maritime Commission" mean the War Department, the Navy Department, and the Maritime Commission, respectively, but shall not include any privately operated plant, shipyard, training school, or other enterprise controlled or financed by the Army, Navy, Maritime Commission, or any other agency of the United States Government, nor any plant or shipyard privately operated on a cost-plus-fixed-fee basis under the control or direction of the Army, Navy, Maritime Commission, or any other agency of the United States Government.

(8) "Lend-Lease purchaser" means any person requesting authorization to receive delivery of restricted office machinery for export to any country, the government of which is entitled to the benefits of the Act of March 11, 1941, entitled "An Act to Promote the Defense of the United States."

(9) "Sets of parts" means parts for office machinery produced at plants in the United States for shipment to foreign countries for assembly into new office machinery of the types included in List I.

(10) "Dollar value" means

(i) With respect to assembled new office machinery, the retail list price of such machinery to customers located in the United States;

(ii) With respect to sets of parts, the retail list price to customers located in the United States of the number of units of assembled machinery into which such sets of parts can be assembled.

(11) "Form WPB-1688" means:

(i) Form PD-688 as revised prior to April 26, 1943, approved by the War Production Board prior to August 11, 1943;

(ii) Form PD-688 as revised April 26, 1943, approved by the War Production Board prior to October 5, 1943;

(iii) Form WPB-1688 (formerly PD-688), approved by the War Production Board.

(12) "Form WPB-2798" means:

(i) Form PD-423 approved by the War Production Board prior to August 11, 1943;

(ii) Form WPB-2798 approved by the War Production Board subsequent to August 11, 1943.

(b) *Restrictions on production*—(1) *List I items.* No manufacturer shall manufacture any of the kinds of new office machinery included in List I or sets of parts therefor in excess of the following limitations, whichever fixes the smaller amount:

(i) No manufacturer shall manufacture any kind of new office machinery included in List I or sets of parts therefor in excess of that quantity sufficient to fill orders approved by the War Production Board on Form WPB-1688 and WPB-2798 certificates and to enable such manufacturer to maintain an inventory of such kind of machinery and sets of parts therefor not to exceed the combined dollar value of such kind of machinery shipped to his customers and of sets of parts therefor exported during the preceding three calendar months, recalculated the first of each month.

(ii) During the nineteen-month period beginning June 1, 1942, and ending December 31, 1943, no manufacturer shall manufacture any kind of new office machinery included in List I or sets of parts therefor of a combined dollar value in excess of a quota computed by multiplying the percentage specified opposite each kind of such machinery included in List I by the total dollar value of such kind of new office machinery billed to customers during the calendar year 1941 plus the dollar value of the sets of parts exported during the calendar year 1941. Any special authorization to produce new office machinery or sets of parts granted by appeal or otherwise between June 1, 1942, and July 12, 1943, shall be included within the limitations of this subdivision (ii) and shall not be in addition thereto.

(2) *Alternate calculation.* The customary practice of some manufacturers has been to lease substantially all of particular kinds of new office machinery, and for that reason they may not be able to calculate the basis of the restrictions imposed by paragraphs (b) (1) (i) and (b) (1) (ii) in terms of dollar value. In that case, they shall use, instead of dollar value, the number of units of such machinery assembled and number of sets of parts exported during the periods provided in such subparagraphs and shall be subject to all of the restrictions imposed by such subparagraphs calculated on such unit basis. For the purposes of this paragraph, the number of sets of parts exported shall mean the number of units of new office machinery into which such sets of parts were ultimately assembled.

(3) *Future quotas.* The quantity of any kind of new machinery on List I which may be manufactured after December 31, 1943, will from time to time be authorized by amendment to this order.

(4) *List II items.* No manufacturer shall fabricate, cause to be fabricated, or contract to purchase, parts for the assembly of any new office machinery included in List II and no manufacturer shall assemble any new office machinery included in List II.

(5) *Repair and service parts.* The restrictions upon the manufacturer of new office machinery contained in this paragraph (b) shall not apply to the manufacture of parts to be used to service or repair any kind of office machinery included in Lists I and II.

(6) *Discontinued new office machinery.* No manufacturer shall fabricate parts for any new office machinery or assemble any new office machinery of any kind which he has elected to deliver free of all restrictions pursuant to paragraph (g) of this order.

(7) *Special authorizations.* Notwithstanding the restrictions of paragraph (b) or paragraph (f) of this order, the War Production Board may from time to time in writing specifically authorize one or more manufacturers to fabricate, to cause to be fabricated, to contract to purchase, to assemble, or to manufacture in any manner, specified quantities of parts or machinery restricted by paragraph (b) or paragraph (f) or both.

(c) *Restrictions on delivery*—(1) *General restrictions.* Regardless of the terms of any contract of sale or purchase, or other commitment, or of any preference rating, or any preference rating order, no manufacturer or dealer shall deliver any restricted office machinery or sets of parts therefor (other than machines which may be delivered free of restrictions pursuant to an election under paragraph (g) of this order) except upon receipt of and pursuant to the terms of Form WPB–2798 (respecting deliveries to the Army, Navy or Maritime Commission or sets of parts for export) or Form WPB–1688 (respecting deliveries to all other persons) approved by the War Production Board.

(2) *Sequence of deliveries.* Except when specifically directed otherwise in writing by the War Production Board, the sequence of deliveries of machines authorized on Forms WPB–2798 and WPB–1688 shall be determined by the delivery dates specified on such forms. If a form specifies a delivery date prior to the date on which it is received by the supplier named therein, the form shall be treated by the supplier as calling for delivery on the day when it was received by him. If a supplier receives two or more forms specifying the same delivery date for identical machines, he shall make delivery of the machines in the order in which the forms were received by him.

(3) *Intracompany deliveries.* Without further authorization, a manufacturer may for the purpose of redelivery, but not for use, deliver restricted office machinery from one branch, division or section of his enterprise, including majority-owned sales, distribution and manufacturing subsidiaries, to another branch, division or section of the same enterprise, including majority-owned sales, distribution and manufacturing subsidiaries, except that he may not deliver to a subsidiary, branch, or other outlet located outside the United States, its territories, and possessions.

(4) *Delivery to dealers and returns to manufacturers.* Without further authorization, dealers may return restricted office machinery to any manufacturer willing to accept the same and manufacturers may accept all such restricted office machinery from dealers. Without further authorization, manufacturers or dealers may deliver restricted office machinery to dealers in the following instances only:

(i) To fill an order approved by the War Production Board on Form WPB–2798 or WPB–1688 already received by such dealer or to replace restricted office machinery delivered by such dealer from his inventory to fill an order approved by the War Production Board on any such form, *Provided,* That such dealer has furnished to the manufacturer or to the other dealer a photostat, or other certified copy, of the approved Form WPB–2798 or WPB–1688, as provided in Priorities Regulation No. 5.

(ii) To store or display such restricted office machinery on the dealer's premises in the United States, its territories and possessions, provided that the restricted office machinery so stored or displayed is in the absolute control and ownership of the manufacturer or delivering dealer and may be removed, transferred or shipped by such manufacturer or delivering dealer at any time in his discretion.

(5) *Deliveries under Utilities Order U–5.* The issuance of an authorization on Form WPB–2798 or on Form WPB–1688 to deliver a time stamp machine, a time recording machine, or collateral equipment shall constitute a preference rating of AA–5 or higher within the meaning of § 4504.1, Utilities Order U–5, for the particular items authorized to be delivered.

(6) *Special authorizations.* Notwithstanding the restrictions of paragraph (c) of this order, the War Production Board may from time to time in writing specifically authorize one or more manufacturers or dealers, or both, to deliver specified quantities of restricted office machinery.

(d) *Special procedures and information.* (1) Private contractors engaged in construction work for the Army, Navy, Maritime Commission or Defense Plant Corporation, and private operators of any plant, shipyard, training school or other enterprise controlled or financed, on a cost-plus-fixed-fee basis or otherwise, by the Army, Navy, Maritime Commission or any other agency of the United States Government shall, when requesting restricted office machinery on Form WPB–1688, furnish a certification by the Government inspector assigned to the project (1) that no Government equipment is available for use in lieu of the equipment requested, (2) that the contractor or operator has no equipment available from any other source for use in lieu of the equipment requested, and (3) that the equipment requested is to be used exclusively by the contractor's or operator's private personnel for the duration of the project on work which the contractor is required to perform under the terms of his contract.

(2) Lend-Lease purchasers shall accompany their applications on Form WPB–1688 with a formal recommendation by the Lend-Lease Administration that such request be granted.

(3) Any person, other than the Army, Navy, Maritime Commission or any Lend-Lease purchaser, wishing to export restricted office machinery from the United States (except to Canada) must first obtain from the Office of Export Control, Office of Economic Warfare, Washington 25, D. C., an export license and a written recommendation of the Office of Economic Warfare that the War Production Board authorize such export. Such person shall thereafter make application to the War Production Board on Form WPB–1688 which application shall be accompanied by such written recommendation of the Office of Economic Warfare. The War Production Board will not consider any application for authority to export unless accompanied by such written recommendation of the Office of Economic Warfare.

(4) Any person (other than the Army, Navy, Maritime Commission or a per-

son under contract with the United States Government to perform work in Canada and wishing to export restricted office machinery for that purpose) wishing to export restricted office machinery or sets of parts to Canada must make application on Form WPB–1688 or WPB–2798, respectively, to the Administrator of the Office Machinery Equipment and Supplies, Wartime Prices and Trade Board, Ottawa, Canada, who will in turn forward to the War Production Board such applications as he may recommend for approval.

(e) *Sets of parts.* (1) No person shall deliver any sets of parts for export from the United States unless the War Production Board has authorized such delivery on Form WPB–2798. Application for authority to export sets of parts shall be made on Form WPB–2798 and shall indicate therein or by accompanying letter the number of units of new office machinery into which such sets of parts can be assembled, the model numbers of such machinery and the retail price of such machinery to customers located in the United States. Nothing in this order shall be construed to authorize any exportation without an export license.

(2) No manufacturer manufacturing and delivering sets of parts for export shall directly or indirectly import any new office machinery of the kind listed in List I, except by permission of the War Production Board in writing.

(f) *Restrictions on types, styles, models, specifications, and use of materials*—(1) *Elimination of models.* The War Production Board may, from time to time, in writing order the cessation of production or delivery of any model, style, or type of office machinery, including attachments or repair parts thereof.

(2) *Issuance of schedules.* The War Production Board may, from time to time, issue schedules establishing simplified practices with respect to the types, sizes, forms, materials, or specifications of office machinery. After the effective date of any such schedule, no new office machinery shall be fabricated or assembled, except such as conforms to the issued schedule and except as specifically permitted by such schedule.

(g) *Election to cease manufacture and to deliver without restrictions.* Any manufacturer who prefers to cease manufacture of any particular kind, model or type of new office machinery and to obtain authorization to deliver his existing stock of such machinery free of the restrictions of this order, rather than to continue manufacture and delivery of such machinery subject to the terms of this order, may at any time prior to August 11, 1943, make application for authorization to make unrestricted delivery. Such application must set forth the kind, model or type of new office machinery to which the application relates, the model or style numbers of such machinery, the applicant's inventory of such machinery as of the date of the application and the total dollar value of such inventory. Such authorization shall extend to the manufacturer to whom it is addressed and to any dealer possessing stocks of such kind, model or type of machine; and such manufacturer shall notify his dealers of any authorization received under this paragraph.

Nothing in this paragraph (g) shall be construed to entitle any applicant to disregard any provisions of this order until specific authorization of the War Production Board in writing is received by such applicant and then only to the extent of, and subject to the conditions contained in, such authorization.

(h) *Bureau of the Budget approval.* Form WPB–2798, Form WPB–1688, and the form of application for authorization to make unrestricted delivery of new office machinery contained in paragraph (g) have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(i) *Violations.* Any person who wilfully violates any provision of this order, or who, in connection with this order, wilfully conceals a material fact or furnishes false information to any department or agency of the United States, is guilty of a crime, and upon conviction may be punished by fine or imprisonment. In addition, any such person may be prohibited from making or obtaining further deliveries of or from processing or using material under priority control and may be deprived of priorities assistance.

(j) *Appeals.* Any appeal from the provisions of this order shall be made by filing a letter in triplicate, referring to the particular provision appealed from and stating fully the grounds of the appeal.

(k) *Applicability of regulations.* This order and all transactions affected thereby are subject to all applicable regulations of the War Production Board, as amended from time to time.

(l) *Communications.* All communications concerning this order shall, unless otherwise directed, be addressed to the War Production Board, Service Equipment Division, Washington 25, D. C., Ref.: L–54–c.

Issued this 21st day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

LIST I: Maximum production quotas for the period June 1, 1942, to December 31, 1943:

Description of machinery	*Percent of total 1941 billings*
1. Accounting machines, bookkeeping machines, and billing machines (accounting principle). Also continuous forms handling machines typewriter principle, having carbon paper handling devices constructed as an integral part of the machine, and collateral equipment, except autographic registers	130
2. Adding machines	83
3. Addressing machines, including but not limited to embossing machines for plates, and stencil-cutting machines embodying typewriter principle	163
4. Calculating and computing machines:	
Rotary	141
Others	131
5. Duplicating machines, including but not limited to ink ribbon, gelatin, spirit, stencil and reproducing typewriter principle machines and Multilith and Davidson duplicators:	
Gelatin	185
Offset and relief	201
Spirit	219
Stencil	116
6. Machines and collateral equipment intended for use for dictating purposes	13
7. Microfilm machines designed for office functions	49
8. Office composing machines (changeable type, changeable horizontal and vertical spacing, uniform impression)	232
9. Payroll denominating machines	430
10. Punched card tabulating and accounting machines and collateral equipment	140
11. Time recording machines and collateral equipment, except watchmen's clocks	163
12. Time stamp machines and collateral equipment	122

LIST II

1. Autographic registers.
2. Cash (registering) machines.
3. Change making machines.
4. Check cancelling machines.
5. Check cutting machines.
6. Check dating machines.
7. Check endorsing machines.
8. Check numbering machines.
9. Check protecting machines.
10. Check signing machines.
11. Check sorting machines.
12. Check writing machines.
13. Coin counting machines.
14. Coin sorting machines.
15. Coin wrapping machines.
16. Currency counting machines.
17. Envelope contents folding machines.
18. Envelope handling machines.
19. Envelope mailing machines.
20. Envelope opening machines.
21. Envelope sealing machines.
22. Envelope stuffing machines.
23. Mail room folding machines.
24. Perforating machines (marking and cancelling).
25. Postal permit mailing machines.
26. Post office cancelling machines.
27. Shorthand writing machines.
28. Stamp affixing machines.

[F. R. Doc. 43–13657; Filed, August 21, 1943; 10:51 a. m.]

PART 3288—PLUMBING AND HEATING EQUIPMENT [1]

[General Limitation Order L–79, as Amended August 21, 1943]

METAL PLUMBING AND HEATING EQUIPMENT

Section 3288.31 (General Limitation Order No. L–79) [1] is hereby amended to read as follows:

§ 3288.31 *General Limitation Order No. L–79*—(a) *Definitions.* For the purpose of this order:

(1) "Plumbing equipment" means any fixture, material, device or apparatus, including component parts thereof, used as a unit or included in a system designed for the supply of water for drinking or

sanitary purposes, for heating or storage of domestic hot water, or for the removal of waste water or water-borne wastes, and the gases therefrom, including water, gas and sewer piping, or designed for the chemical treatment of waste matter. It does not include equipment operated for general use as a public utility, equipment designed for industrial processing, or fire protection systems, or for use in aircraft, railroad vehicles or ships, or equipment using electricity as a fuel.

(2) "Heating equipment" means any material, device or apparatus, including component parts thereof, used as a unit or included in a system designed for generating, conveying, circulating, distributing, transferring, or controlling heat, and designed for, but not necessarily limited to, heating air spaces or controlling temperature within building or other structures, excluding ships. It shall also include electrical heat controls.

It shall not include critical heat exchanges as defined in L–172, fans and blowers as defined in L–280, equipment designed primarily for refrigeration or dehumidification as defined in L–38, steel power boilers of the types defined in L–117, steel boilers designed for locomotive or for marine shipboard use, equipment exterior to a building which is heated by steam or hot water distributed from a central source for general use as a public utility, equipment designed for industrial processing, equipment for generating power, equipment using electricity as a fuel, or equipment designed for heating aircraft or automotive or railroad vehicles, but it shall include trailer and caboose stoves.

(3) "Consumer" means any person who purchases for use but not for resale any material, equipment or parts included in the definitions of "plumbing equipment" and "heating equipment" above.

(b) *Plumbing and heating equipment to be delivered only on rated orders.* On and after September 1, 1943 no person shall deliver or accept delivery of plumbing and heating equipment except on an order rated A–10 or higher.

(c) Exceptions. The restrictions of this order shall not apply to the following:

(1) Any unit of non-metallic plumbing equipment or heating equipment including any such unit of non-metallic equipment the construction or assembly of which (into the form as sold by its producer) calls for incorporation of metallic components of the kind needed to permit connection to the unit of water and waste pipes, faucets, valves, fittings, or plumbing trim.

(2) The minimum quantity of metal items or parts needed to install and hold in place any unit of the kind described in subparagraph (c) (1) including, but not limited to, nuts, bolts, screws, clamps, rivets, and other items of joining hardware (excluding chair carriers) provided such use is not prohibited by any other order of the War Production Board. This exception does not include the running of any water, steam, gas, oil or drain pipes to the unit or any metal items or parts needed to connect the unit to an existing piping system.

(3) Any item of plumbing equipment or heating equipment the cost of which to the purchaser is not more than $5.00.

(4) Plumbing equipment or heating equipment to be incorporated in a project for which the consumer has been given authority to begin construction on Form WPB 2032 (formerly PD–443). In such a case, the purchaser's order shall contain the following signed statement, listing the items of equipment to be sold or delivered:

The following equipment _____ _____ is required for the completion of the erection, construction, remodeling or rehabilitation of a building, structure or project, or additions, extensions or alterations thereof, which have been specifically authorized by the War Production Board on Form WPB 2032.

Dated _____

Signed _____

This statement shall constitute a representation to the War Production Board and to the person supplying such equipment that the stated facts are true and that the listed equipment will be used for the purpose stated.

(5) Power-driven coal stokers approved on Form WPB 1612 (formerly PD–668).

(6) Oil burners approved on Form WPB 2727.

(7) Equipment rationed by a certificate issued by a local War Rationing Board.

(8) Plumbing equipment or heating equipment which has previously been used by a consumer.

(9) Steel and wrought iron pipe.

(d) *Applicability of other orders.* Insofar as any other order issued, or to be issued, limits the production, delivery or use of any plumbing equipment or heating equipment to a greater extent than the limits imposed by this order, the restrictions of such other orders shall govern unless otherwise specified therein.

(e) *Records.* All persons affected by this order shall keep and preserve for not less than two years accurate and complete records concerning inventories and sales.

(f) *Audit and inspection.* All records required to be kept by this order shall, upon request, be submitted to audit and inspection by duly authorized representatives of the War Production Board.

(g) *Violations and false statements.* Any person who wilfully violates any provision of this order, or who, in connection with this order, wilfully conceals a material fact, or furnishes false information to any department or agency of the United States is guilty of a crime, and upon conviction may be punished by fine or imprisonment or both. In addition, any such person may be prohibited from making or obtaining further deliveries of, or from processing or using, material under priority control and may be deprived of priorities assistance.

(h) *Appeals.* Any person affected by this order may appeal from its provisions by filing Form WPB 1477 (formerly PD–500) with a field office of the War Production Board.

(i) *Communications.* All reports to be filed and other communications concerning this order, except appeals, shall be addressed to the War Production Board, Plumbing and Heating Division, Washington 25, D. C., Ref: L–79.

Issued this 21st day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 43–13658; Filed, August 21, 1943; 10:51 a. m.]

PART 923—TUNGSTEN

[Revocation of Conservation Order M–29–b]

Conservation Order M–29–b (§ 923.5) be and it hereby is revoked effective August 23, 1943.

Issued this 23d day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 43–13704; Filed, August 23, 1943; 11:31 a. m.]

PART 944—REGULATIONS APPLICABLE TO THE OPERATION OF THE PRIORITIES SYSTEM

[Priorities Regulation 5, as Amended August 23, 1943]

§ 944.25 *Priorities Regulation No. 5*—(a) *What this regulation does.* This regulation tells what forms, orders or regulations which have been or will be issued by the War Production Board may be reproduced and how they may be reproduced.

(b) *What forms, orders or regulations may be reproduced.* Any person may reproduce any War Production Board form, order or regulation. However, any form or order which falls within any of the following two classes must, when reproduced, bear on its face the words "Specimen Copy" or "Information Copy" in letters not less than one-half inch high or in 36 point caps:

(1) Forms or orders which are designed to be issued by any governmental agency and which have not yet been signed by the governmental agency. An example of this class is Form GA–146, which is a form used by the various Industry Divisions of the War Production Board to authorize the purchase or sale of particular goods. This limitation does not apply to those forms which are both designed to be filed with a governmental agency and later to be issued to the applicant by the governmental agency. The most common example of this class of forms is Form WPB–541 (formerly PD–1A) which is an application for priority assistance and which is later signed by the War Production Board and returned to the applicant as a rating certificate.

(2) Forms bearing a serial number which are designed to be filed with a governmental agency and later to be

[1] Formerly Part 1154. § 1154.1.

issued by the agency but which have not yet been signed by the agency. The most common example of this class is Form WPB–542 (formerly PD–3A) which is largely issued by the military procurement agencies.

(c) *How forms, orders and regulations may be reproduced.* The reproduction of forms, orders and regulations may be by any process: photographic, printing, mimeograph, or otherwise, but the following conditions must be observed:

(1) If forms are reproduced for filing with a governmental agency, the copies must be exactly like the officially published forms as to size of paper, format and arrangement of paragraphs or tables on each page. This is necessary for quick handling. The color of paper must be approximately the same as the official copy.

(2) Copies of all orders or forms bearing the signature of any official of the United States Government or any other authorized person must include the signature. This signature must be in type or print, preceded by "(signed)", unless the entire order or certificate is reproduced by photographic process.

(d) *Contrary provisions may be disregarded.* If any order or form contains a statement that it may not be reproduced, the same may be disregarded if the conditions of this regulation are complied with, unless the order or form states specifically that this regulation does not apply.

Issued this 23d day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 43–13705; Filed, August 23, 1943; 11:31 a. m.]

PART 1010—SUSPENSION ORDERS

[Suspension Order S–366, Amdt. 1]

RICHTER METALCRAFT CORP.

Richter Metalcraft Corp., 160 East 1st Street, Mount Vernon, New York, has appealed from the provisions of Suspension Order S–366, issued July 13, 1943, as corrected July 24, 1943. After a review of the case by the Deputy Chief Compliance Commissioner, it has been determined that Suspension Order S–366 should be modified so as to expire at an earlier date than is now specified.

In view of the foregoing, *It is hereby ordered,* That paragraph (d) of § 1010.366, issued July 13, 1943 be amended to read as follows:

(d) This order shall take effect on July 20, 1943 and expire on September 20, 1943.

Issued this 23d day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 43–13706; Filed, August 23, 1943; 11:32 a. m]

PART 1024—PIGS' AND HOGS' BRISTLES

[Revocation of Supplementary Order M–51–a]

§ 1024.2 *Supplementary Order M–51–a* is hereby revoked. This action shall not be construed to affect in any way any liability or penalty, accrued or incurred under said Supplementary Order M–51–a.

Issued this 23d day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 43–13707; Filed, August 23, 1943; 11:31 a. m.]

PART 1073—FIRE PROTECTIVE, SIGNAL AND ALARM EQUIPMENT

[General Limitation Order L–39, August 23, 1943]

The fulfillment of requirements for the defense of the United States has created shortages in the supplies of materials entering into the production of fire protective, signal and alarm equipment, for defense, for private account and for export; and the following order is deemed necessary and appropriate in the public interest and to promote the national defense:

§ 1073.1 *General Limitation Order L–39*—(a) *Definitions.* For the purpose of this order:

(1) "Fire protective equipment" means: sprinkler systems, couplings, playpipes and allied fittings, fire hose, fire hydrants, fire pumps, hose dryers, hose racks, indicator posts, lightning protection systems, piped extinguishing systems, portable fire extinguishers including back pack types, foam generators, stirrup pumps, water spray nozzles, and all other fire protective equipment for preventing or extinguishing fires, excepting self-propelled motorized fire apparatus and auxiliary units including trailer, skid, front mounted and portable apparatus.

(2) "Signal or alarm equipment" means fire, police, and protective alarm and signal systems, including central station, proprietary, auxiliary and automatic fire alarms; watchmen's time recording, burglar, bank vault, hold-up and intrusion systems; and all other instruments and devices to detect, signal or warn against fire or other casualty, except air raid warning devices.

(3) "Dry-pendant sprinkler head" means a sprinkler head for use in a pendant position on a dry pipe system and permanently attached to an extension nipple so as to exclude water from the nipple.

(4) "Incendiary bomb control equipment" means any pump, device, instrument, or material designed for the removal, control or extinguishment of incendiary bombs.

(5) "Stirrup pump" means a manually operated pump used to draw water or other liquid from a separate container to extinguish or control fires.

(6) "Air raid warning device" means any siren, whistle, horn, diaphone, signal or device used or intended for use to warn or signal civilians in connection with air raids or other war hazards.

(7) "Copper base alloy" means any alloy in the composition of which the weight of copper equals or exceeds 40 percent of the weight of all metal in the alloy.

(b) *General restrictions*—(1) *Restrictions on use of scarce materials.* Except as provided in paragraph (c) of this order, no person shall incorporate in any fire protective equipment, signal or alarm equipment, air raid warning device, or parts thereof, any aluminum, bismuth, cadmium, chromium, copper, mercury, monel metal, nickel, tin, stainless steel, zinc, or alloy of any of said metals, asbestos, rubber or synthetic rubber, except to the extent permitted in Appendix A hereof.

NOTE: Paragraph (b) (1) amended August 23, 1943.

(2) *Restrictions on fire hose couplings.* Except as provided in paragraph (c) of this order, no brass fire hose couplings in the possession or control of any coupling manufacturer, fire hose manufacturer or distributor on April 27, 1942, shall be transferred, sold or incorporated in the manufacture or assembly of any fire hose.

(3) *Restrictions on foam extinguishers.* No person shall purchase or accept delivery of any foam extinguisher except for use in the protection of inflammable liquids, and no person shall sell or deliver any foam extinguisher which he knows or has reason to believe will be used in violation of this paragraph (b) (3).

(4) *Restrictions on manufacture of alkali metal (loaded stream) extinguishers.* No person shall in any quarter complete the manufacture of any type of alkali metal salt solution (loaded stream) extinguishers in excess of 25 percent of the total of such type (irrespective of size) manufactured by such person during the twelve month period ending November 30, 1941, except to fill purchase orders or contracts from any agency or government listed in subdivisions (i), (ii), and (iii) of this paragraph (b) (4). In determining the number of extinguishers manufactured during said twelve month base period ending November 30, 1941, extinguishers manufactured to fill contracts or purchase orders from, or for delivery to, any of the following shall be excluded:

(i) The Army or Navy of the United States, United States Maritime Commission, War Shipping Administration, Panama Canal, Coast and Geodetic Survey, Coast Guard, Civil Aeronautics Authority, National Advisory Committee for Aeronautics, the Office of Scientific Research and Development;

(ii) The Government of any of the following countries: the United Kingdom, Canada, and other dominions, Crown Colonies and protectorates of the British Empire, Belgium, China, Greece, the Kingdom of the Netherlands, Norway, Poland, Russia, and Yugoslavia;

(iii) Any agency of the United States Government for delivery to or for the account of any country listed above or any other country pursuant to the Act of March 11, 1941, entitled "An Act to Promote the Defense of the United States" (Lend-Lease Act).

NOTE: Paragraphs (b) (5), (6) amended; former paragraphs (b) (7), (8) deleted; new paragraphs (b) (7), (8), (9) added; former

paragraph (b) (9) redesignated (b) (10) and amended; former paragraph (b) (10) redesignated (b) (11) August 23, 1943.

(5) *Restrictions on manufacture of stirrup pumps.* No person shall manufacture any stirrup pump, or part thereof, except to fill purchase orders from the Army or Navy of the United States, the United States Maritime Commission, War Shipping Administration, Defense Supplies Corporation, or from any agency of the United States Government for delivery to or for the account of the government of any country pursuant to the Act of March 11, 1941, entitled, "An Act to Promote the Defense of the United States" (Lend-Lease Act).

(6) *Restrictions on fire sprinkler systems.* (i) No person shall sell, deliver, purchase or accept delivery of any new or used fire sprinkler system, or part thereof, except to fill a purchase order bearing a preference rating of AA–5 or higher. (Where the installation of a fire sprinkler system, or part thereof, involves construction, the terms of Conservation Order L–41 must be complied with.) In the next two subparagraphs, additional restrictions affecting certain special types of sprinkler equipment are set forth.

(ii) No person shall manufacture, sell, deliver, install, purchase or accept delivery of any dry-pendant sprinkler heads, unless he has been specifically authorized to do so in writing by the War Production Board. (The assignment of a preference rating does not constitute specific authorization.)

(iii) No person shall sell, deliver, install, purchase or accept delivery of any equipment designed to control electrically or pneumatically the flow of water into a fire extinguishing system, unless he has been specifically authorized to do so in writing by the War Production Board. As an exception to the foregoing rule, electrically or pneumatically controlled equipment may be installed for the following purposes without obtaining specific authorization in writing by the War Production Board (however, the purchaser must have a preference rating of AA–5 or higher, as required by subparagraph (i) of this paragraph (b) (6)):

(*a*) For the protection of transformers, other oil-filled electrical equipment, or dip tanks, but the equipment installed for these purposes must use spray heads;

(*b*) For the protection of powder rolls in plants manufacturing explosives;

(*c*) For the protection of modification hangar rooms and hangar rooms of aircraft assembly plants in cases where the highest sprinkler head is 35 feet or more above the floor of the room.

(7) *Restrictions on sale and delivery of signal or alarm equipment and air raid warning devices.* (i) No person shall sell, deliver or install any signal or alarm equipment costing $50 or more, or any air raid warning device costing $25 or more, except to or for the account of:

(*a*) The Army or Navy of the United States, the United States Maritime Commission or the War Shipping Administration;

(*b*) Any other person who has been specifically authorized by the War Production Board on Form WPB–1319 (formerly PD–556) to receive the specific equipment or device and who has delivered to his supplier a copy of such form signed in the name of the War Production Board.

(ii) Each person seeking authorization under the preceding subparagraph (7) (i) (*b*) to receive any signal or alarm equipment costing $50 or more or any air raid warning device costing $25 or more shall prepare Form WPB–1319 (formerly PD–556) in quintuplicate in the manner prescribed therein, subject to the following instructions:

(*a*) The form should be filed only by the person (owner or tenant) desiring to receive or have installed on his premises the specified equipment or device, and should not be filed by the person (supplier) desiring to make delivery of or to install such equipment or device. However, the owner or tenant may obtain from his supplier any information he needs in filling out the form.

(*b*) In describing the equipment or device for which application is made, give a complete description of the items involved, including the manufacturer's name. Do not fill in columns (b) and (c) of Part II.

(*c*) Under section (5) of Part III state in detail why the equipment or device applied for is needed at this time. (The application cannot be passed on unless a full statement is made on this subject.)

(*d*) Do not fill in sections (6), (7) and (8) of Part III.

(*e*) Do not fill in Part V.

(iii) In conjunction with the granting of specific authorization to receive signal or alarm equipment or air raid warning devices on Form WPB–1319 (formerly PD–556), the War Production Board may also assign preference ratings to the authorized deliveries on such form. Any preference rating so assigned shall be applied and extended only in accordance with the terms of Priorities Regulation 3.

(8) *Restriction on the manufacture of signal or alarm equipment.* Except upon specific authorization by the War Production Board, no persons shall manufacture, install, deliver or accept delivery of any smoke, fire, or intrusion detector employing photo-electric principles, except to fill purchase orders from a purchaser listed in paragraph (b) (4) of this order and unless such item is for use on board ship.

(9) *Restriction on the manufacture of air raid warning devices.* No person shall manufacture, sell, purchase, deliver, install or accept delivery of any air raid warning device which requires for its operation a motor in excess of three (3) horse power.

(10) *Restrictions on fire hose.* (i) No person shall sell, deliver, purchase or accept delivery of any new or used cotton rubber-lined fire hose or linen or flax tow fire hose, except pursuant to a purchase order bearing a preference rating of AA–5 or higher. In the next two subparagraphs, additional restrictions affecting certain kinds of fire hose are set forth.

(ii) Except upon specific authorization in writing by the War Production Board, no person shall manufacture, sell or deliver any double or triple jacket cotton rubber-lined fire hose (not including soft suction hose), except to fill purchase orders of:

(*a*) The Army or Navy of the United States, for use on board ship or overseas;

(*b*) The United States Maritime Commission or the War Shipping Administration, for use on board ship;

(*c*) Any person for use on board ships warranted by the United States Maritime Commission;

(*d*) The Panama Canal; or

(*e*) Any person for use on fire trucks located in plants manufacturing explosives for the Army or Navy of the United States.

(iii) No person shall purchase or accept delivery of any double or triple jacket cotton rubber-lined fire hose if he knows or has reason to believe that the sale or delivery of such hose is prohibited by the terms of subparagraph (ii) of this paragraph (b) (10).

(iv) The provisions of subparagraph (i) of this paragraph (b) (10) shall not apply with respect to purchase orders for any kind of fire hose which had been placed prior to August 23, 1943, and which bear preference ratings of A–9 or higher; nor shall the provisions of subparagraphs (ii) and (iii) of this paragraph (b) (10) apply with respect to purchase orders for double or triple jacket cotton rubber-lined fire hose which had been placed prior to January 20, 1943, and which bear preference ratings of A–9 or higher.

(v) Except upon specific authorization in writing by the War Production

Board, no person shall sell, deliver, purchase or accept delivery of any cotton jackets designed for use as outer jackets of double or triple jacket cotton rubber-lined fire hose.

(11) *Restrictions on manufacture of incendiary bomb control equipment.* Effective thirty days after January 20, 1943, no person shall manufacture any incendiary bomb control equipment, except when and to the extent authorized by the War Production Board pursuant to application on Form PD-740, or to the extent permitted by paragraph (b) (5) of this order.

(c) *Exceptions to paragraphs (b) (1) and (b) not sub (b) (2).* (1) The restrictions of paragraphs (b) (1) and (b) (2) shall not apply to:

(i) Brass fire hose couplings, rings, or hose line fittings, provided that such couplings, rings, or hose line fittings are delivered to or for the account of:

(*a*) The Army or Navy of the United States, the United States Maritime Commission or the War Shipping Administration, and are for use on board ship; or

(*b*) The Panama Canal; or

(*c*) Any person for use on board ships warranted by the United States Maritime Commission.

(ii) The restrictions of paragraph (b) (1) shall not apply to:

(*a*) Carbon dioxide extinguishers manufactured in accordance with specifications of the Army or Navy of the United States, the United States Maritime Commission, or the War Shipping Administration; or

(*b*) Aluminum parts for signal or alarm equipment, if such parts were fabricated before January 23, 1942.

(d) *Representations on orders from government agencies.* Any purchase order or contract from any agency or government named in subparagraphs (i), (ii), or (iii) of paragraph (b) (4) of this order shall constitute a representation that the conditions exist under which such purchase order or contract may be filled within the terms of this order. Said representation may be relied upon by the person with whom the purchase order or contract is placed and by his subcontractors and suppliers.

NOTE: Former paragraphs (e) (f) deleted; subsequent paragraphs redesignated accordingly August 23, 1943.

(e) *Violations.* Any person who wilfully violates any provision of this order, or who, in connection with this order, wilfully conceals a material fact or furnishes false information to any department or agency of the United States is guilty of a crime and upon conviction may be punished by fine or imprisonment. In addition, any such person may be prohibited from making or obtaining further deliveries of, or from processing or using, material under priority control and may be deprived of priorities assistance.

(f) *Appeals.* Any appeal from the provisions of this order shall be made by filing a letter in triplicate, referring to the particular provision appealed from and stating fully the grounds of the appeal.

(g) *Applicability of regulations.* This order and all transactions affected thereby are subject to all applicable regulations of the War Production Board, as amended from time to time.

(h) *Correspondence.* Reports to be filed and other communications concerning this order shall be addressed to the War Production Board, Safety and Technical Equipment Division, Washington 25, D. C., Ref.: L-39.

(P.D. Reg. 1, as amended, 6 F.R. 6680; W.P.B. Reg. 1, 7 F.R. 561; E.O. 9024, 7 F.R. 329; E.O. 9040, 7 F.R. 527; E.O. 9125; 7 F.R. 2719; sec. 2 (a), Pub. Law 671, 76th Cong., as amended by Pub. Laws 89 and 507, 77th Cong.)

Issued this 23d day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

APPENDIX A

NOTE: Paragraph (10) redesignated (10a) and amended; former paragraphs (14) (15) revoked; paragraphs (10b), (14) added August 23, 1943.

In accordance with the provisions of paragraph (b) (1) of this order, the materials named in this Appendix A may be incorporated in the manufacture of fire protective equipment, signal or alarm equipment, and air-raid warning devices, and in component parts thereof, to the extent indicated in this Appendix A:

(1) Aluminum, primary or secondary:

(i) In extinguishers for use in airplanes;

(ii) As foil in electric condensers for fire, police and protective alarm systems, to the extent essential to the efficient functioning of such condensers and when approved by Underwriters' Laboratories, Inc., or Factory Mutual Laboratories;

(iii) (Secondary aluminum only) in zinc die castings.

(2) Bismuth:

(i) As a component of fusible link alloy;

(ii) Up to five and one-half (5½) per cent in solder.

(3) Cadmium, as a component of fusible link alloy.

(4) Chromium:

(i) For plating of parts of fire, police, and protective alarm systems and sprinkler heads to the extent essential to the efficient functioning of such systems or heads;

(ii) As a component of stainless steel, the use of which is permitted by paragraph (10) hereof.

(5) Copper or copper base alloys (where copper base alloys are permitted, the alloys used shall be of the lowest type and grade that are practical for the particular application) in:

(i) Pumps for vaporizing liquid extinguishers;

(ii) Lock nuts on removable hose connections;

(iii) Bodies, ends, inner chambers, valves and their component parts for vaporizing liquid and loaded stream extinguishers;

(iv) Either collars or caps (but not both) on 2½-gallon foam extinguishers;

(v) Fittings, strainers, syphon tubes and valves for carbon dioxide and gas operated dry powder extinguishers;

(vi) Snap clamps, clamp pins and wire springs for "Jones" type fire hose couplings;

(vii) Latch assemblies for "British" type fire hose couplings to the extent essential to the efficient functioning of the parts;

(viii) Swivels and wires for screw type fire hose couplings;

(ix) Swivels, wires, and rollers for suction hose couplings;

(x) Couplings and rings for (a) potable water purification plants, (b) ¾ inch, 1 inch, and 1¼ inch chemical or booster hose, and (c) 5 inch and 6 inch suction hose; and 1½ inch expansion rings;

(xi) Hose and hydrant adapters;

(xii) Swivels, wires, clappers and seats for Siamese connections;

(xiii) Playpipes made only from drawn, brazed sheet, or cast brass, provided that such playpipes are not more than 15 inches in length and are manufactured for connections not larger than 2½ inches in diameter.

(xiv) Ball and cylinder type shut-off nozzles;

(xv) Nozzle tips for playpipes, and not exceeding 1½" diameter at discharge ends;

(xvi) Portable deluge nozzles, not including tips or handles;

(xvii) The following hydrant fittings to the extent essential to their efficient functioning; valve seats, discs, guides, operating valve stems, stuffing boxes, bushings, rivets, retainer rings, and outlet nipples;

(xviii) The following indicator post and valve fittings to the extent essential to their efficient functioning: Valve stems; seats; discs; packing glands; glands of bonnet openings; extension stem operating washer, nut and target mechanism;

(xix) Parts of portable generators, engines and fixed piped systems to the extent essential to their efficient functioning (The parts referred to herein include generator bodies except bases, shut-off valves except handles, screens, check valves, inner chambers, heads, stopples, closing and other operating mechanisms.):

(xx) Water spray nozzles;

(xxi) Valve seats, discs, stems, guides, and clapper arms;

(xxii) The following parts of automatic sprinkler systems and signal or alarm equipment: Actuating, indicating, and recording units of alarm or signal systems; condenser parts; contacts; diaphragm assemblies; labels of inspection laboratories; links; tubing and fittings; valves not over 2 inches; wire and cables; impellers and rings for fire pumps and for water flow alarms; deflectors on closed sprinkler heads if made of casting, but the alloy shall not contain more than 74 per cent copper; all other parts of closed sprinkler heads, but the alloy for frames shall not contain more than 86 per cent copper and shall be made without the use of primary copper or primary tin, and the alloy for lever arms shall contain no tin and not more than 74 per cent copper.

(xxiii) Impellers, retaining rings and bushings for fire pumps;

(xxiv) Watchmen's time recording systems where required for efficient functioning;

(xxv) The following parts of air raid warning devices: motors up to three horse power, actuating units, wire and cable, control and

reducer valves only to the extent necessary to the efficient functioning thereof.

(xxvi) Name and identification plates of a gauge of .03125 inch or less for fire extinguishers which are to be used in aircraft or on board ship.

(6) [Revoked.]

(7) Mercury, as required in check valves for automatic systems and in gravity tank gauges.

(8) Nickel, in signal or alarm systems as a component of bi-metal thermal discs for thermostats, as plating for protection against corrosion where magnetic properties of nickel are essential, as a component of wire wound resisters, as a component of thermocouple wire and as a component of permanent magnets; and in signal or alarm systems for plating component parts of control mechanisms essential to the efficient functioning of the system, where less critical material as a substitute would not be suitable.

(9) Tin:

(i) As a component of fusible link alloy; and in dry pipe valve seat rings, but not to exceed fifty per cent in weight;

(ii) In copper base alloys the use of which is permitted by paragraph (5) hereof, but only where no tin-free alloy can be used, and only to the extent permitted by General Preference Order M-43;

(iii) Up to ten per cent by weight in metal for coating steel shells for vaporizing liquid extinguishers;

(iv) In solder, provided that the tin content does not exceed that permitted by General Preference Order M-43;

(v) As a component of foil for use in anti-intrusion and anti-sabotage systems, to the extent essential to the efficient functioning of the equipment, provided that the use of tin for this purpose is properly authorized under General Preference Order M-43.

(10a) Stainless steel (non-nickel bearing):

(i) In hinge pins in dry pipe valves of automatic sprinkler systems; in balls for check valves in dry pipe valves and accelerating equipment for automatic sprinkler systems; and in impeller shafts for fire pumps;

(ii) In nozzles and linings for automatic vaporizing liquid sprinkler units approved by Underwriters' Laboratories, Inc., or Factory Mutual Laboratories;

(iii) In the following parts of signal or alarm systems: cylinders, ratchet pins, and small shafts for signal or alarm mechanisms where the use of any less scarce material is impracticable, mercury check valves, ball bearings, latching parts, and pileup and adjusting screws where the use of any less scarce material is impracticable.

(10b) Stainless steel (nickel bearing) in tour transmitter cylinders where the use of any less critical material is impracticable.

(11) Monel metal:

(i) In balls for check valves in dry pipe valves, accelerating equipment, and water flow alarms for automatic sprinkler systems;

(ii) In helical springs for fire detecting thermostats;

(iii) In vanes and pressure type flexible joints for water flow alarm devices.

(12) Zinc:

(i) In essential parts of alarm and signal systems when a less critical material as a substitute would not be suitable;

(ii) In copper alloys, the use of which is permitted by paragraph (5) hereof;

(iii) In die cast parts;

(iv) For protection against corrosion of iron or steel parts of lightning rods and fittings, extinguishers, pump tanks, fire hose couplings, expansion rings, open head sprinklers, deflectors on sprinkler heads, and as a protective coating for functional parts where ferrous metal has been substituted for copper base alloy.

(v) As sheet to the extent that corrosion-resistant metal is essential to efficient functioning and galvanized steel sheet is not suitable.

(13) Asbestos:

(i) In gaskets for hydrants, fixed or portable foam applicator pipes, and alarm systems.

(ii) As packing for vaporizing liquid extinguishers.

(14) Rubber and synthetic rubber, to the extent permitted by Rubber Order R-1, as amended, or to the extent permitted by any relief granted pursuant to an appeal taken in accordance with the provisions of that order.

[F. R. Doc. 43-13708; Filed, August 23, 1943; 11:32 a. m.]

PART 1075—CONSTRUCTION

[General Preference Order P-55-b, as Amended August 23, 1943]

Name of Owner: _____
Address: _____

§ 1075.10 *Preference Rating Order P-55-b: Authorization of housing construction.* Construction of the housing project, hereinafter described, is hereby authorized under Conservation Order L-41, subject to the following conditions and directions:

(a) This authorization is issued in lieu of Preference Rating Order P-55. Any reference in any order of the War Production Board to said Preference Rating Order P-55 shall constitute a reference to this authorization.

(b) *Definitions.* (1) "Owner" means the specific person to whom this order is addressed above.

(2) "Builder" means the owner and any building contractor or subcontractor with whom the owner has placed a contract pursuant to which such contractor or subcontractor has agreed to furnish critical material.

(3) "Accommodations" means either family dwelling units or rooming accommodations.

(4) "Housing project" means the housing project described in the builder's application comprising a maximum of _____ family dwelling units and _____ rooming accommodations.

(5) "Critical material" means any material or product included in the War Housing Critical List, and only such material or products. Copies of this list may be obtained from any field office of the War Production Board.

(6) "Application" means the owner's application on Form PD-105 with material list Form PD-105A, Serial No. _____, dated _____.

(c) *Restrictions on use of materials.* The builder shall not order or accept delivery of any critical material to be incorporated into the housing project or incorporate any critical material into the housing project other than that specifically set forth and approved in the application, and then only in accordance with the terms of the allotment on Form CMP-H-1.

(d) *Liability of owner.* The owner and any other person who now holds or hereafter acquires any beneficial interest in the housing project or any part thereof, is hereby ordered to comply with all the representations, certifications and promises made by said owner in the application, except where and to the extent such other person is relieved of such responsibility by regulation of the National Housing Agency.

(e) *Applicability of War Production Board regulations.* This order and all transactions affected thereby are subject to the provisions of all regulations of the War Production Board.

(f) This order shall take effect on the issuance of an authorized construction schedule with allotments or preference rating, if any, pursuant to application Form CMP-H-1 filed within — days from the date this order is countersigned, but shall be effective for only those accommodations which are authorized on such construction schedule.

This order shall be ineffective if Form CMP-H-1 is not filed within the above specified period of time. If it is so filed and is duly approved, this order shall be ineffective.

(1) As to any accommodations not included on the authorized construction schedule, and

(2) As to any accommodations included in the authorized construction schedule in excess of the maximum specified in paragraph (b) (4) above.

(g) Serially numbered copies of this order may be issued to named persons in the name of the War Production Board by regional directors and persons designated by them, and shall incorporate all of the provisions hereof except this section (g).

Issued this 23d day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

An allotment number and preference rating for the purchase of materials as authorized for allotment and priorities assistance on the approved copy of the application returned to the owner will be issued upon presentation of Application Form CMP-H-1, properly filled in, to the office of the National Housing Agency, where application for this order was first made.

[F. R. Doc. 43-13709; Filed, August 23, 1943; 11:31 a. m.]

PART 3102—NATIONAL EMERGENCY SPECIFICATIONS FOR STEEL PRODUCTS

[Interpretation 1 to Limitation Order L-211]

The following Interpretation 1 is issued with respect to Limitation Order L-211.

The following interpretation to Limitation Order L-211 (§ 3102.1) states the conditions under which so-called customer specifications

may be used in the purchase of products covered by the various schedules to this order.

Limitation Order L–211 and the schedules thereto require producers to manufacture various steel products to certain designated specifications and prohibit the acceptance of such products which the customer knows or has reason to believe were produced in violation thereof.

Many customers have their own private specifications and these are referred to on drawings and on internal records to such an extent that prohibition of their use would be extremely burdensome.

Therefore, a producer may accept an order to a customer's private specification for any steel product for which a specification is prescribed by a schedule to Order L–211 *Provided:*

(1) That such customer specification is in agreement with a definite specification designated in the schedule, and provided the purchaser so states in placing his order, or

(2) That such customer specification specifies only such requirements as the customer is authorized to specify in the schedule, or such directions as are necessary to the contract, which do not violate the provisions of the schedules.

No other customer specification for such products may be accepted except on authorization on appeal in accordance with Limitation Order L–211.

Issued this 23d day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 43–13710; Filed, August 23, 1943; 11:31 a. m.]

PART 3175—REGULATIONS APPLICABLE TO THE CONTROLLED MATERIALS PLAN

[Interpretation 14 to CMP Reg. 1]

USE OF QUARTERLY IDENTIFICATION

The following Interpretation 14 is issued with respect to CMP Regulation 1.

(a) It is not necessary to show the quarterly identification in rating orders for B components or other production materials, other than controlled materials. For example, "Preference rating AA–1, Allotment number W–1" is sufficient. Where an A product is ordered requiring an allotment, the quarterly identification must, of course, be shown.

(b) The quarterly identification, showing the quarter for which an allotment is valid, must be shown on all authorized controlled material orders, except as described in paragraph (c) below, and on all allotments, immediately following the abbreviated allotment number—for example, W–1–3Q43. The abbreviated allotment number is the same thing as the major program number, that is, the Claimant Agency symbol followed by the first digit of the program number. In the case of an allotment to a prime consumer designated W–1234–567, the abbreviated allotment number is W–1. The quarterly identification is not a part of the allotment number.

(c) It is not necessary to show any quarterly identification on orders for controlled materials where they are being bought under a blanket symbol (such as the MRO symbol assigned by CMP Regulation No. 5) where the use of the symbol is not limited to any particular quarter. This is also true in the case of orders bearing the SO symbol.

Issued this 23d day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 43–13711; Filed, August 23, 1943; 11:31 a. m.]

PART 3175—REGULATIONS APPLICABLE TO THE CONTROLLED MATERIALS PLAN

[Inventory Direction 11 Under CMP Reg. 2]

AIRCRAFT ALUMINUM EXTRUSIONS

The following Inventory Direction 11 is issued pursuant to CMP Regulation 2.

§ 3175.1011 *Inventory Direction No. 11.* Pursuant to paragraph (b) (2) of CMP Regulation 2, *It is hereby ordered,* That:

During the period from August 23, 1943 through December 31, 1943, the provisions of paragraphs (b) (1) and (b) (3) of CMP Regulation 2 shall not apply to the acceptance of deliveries of aluminum extrusions which are required for use in the production of aircraft or components thereof, and in lieu thereof, until December 31, 1943, no user of controlled material shall accept delivery of any item of aluminum extrusions for use in the production of aircraft or components thereof if its inventory of such item is or will by virtue of such acceptance become greater than the quantity of such item it will be required by current practices to put into use during the succeeding 120-day period in order to carry out its authorized operations. After December 31, 1943, this inventory direction shall cease to be of any effect and the provisions of paragraphs (b) (1) and (b) (3) of CMP Regulation 2 shall apply.

Issued this 23d day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 43–13712; Filed, August 23, 1943; 11:31 a. m.]

PART 3175—REGULATIONS APPLICABLE TO THE CONTROLLED MATERIALS PLAN

[Amdt. 3 to CMP Reg. 5, as Amended May 14, 1943]

LEASED EQUIPMENT

Section 3175.5 (CMP Regulation No. 5) is hereby amended as follows:

(1) By adding a new paragraph to paragraph (g–1) as follows:

(3) A person who leases equipment to others which he agrees to keep in good order may use either his own or his customer's rating and symbol to get materials needed to repair and maintain the equipment.

(2) By striking paragraph (o) and List A and inserting instead of paragraph (o) the following:

(o) *Restriction on use of ratings.* The preference rating assigned by this regulation cannot be used to get any of the items shown on List A or B of Priorities Regulation No. 3.

Issued this 23d day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 43–13713; Filed, August 23, 1943; 11:31 a. m.]

PART 3291—CONSUMERS DURABLE GOODS[1]

[General Limitation Order L–140–a as Amended Aug. 23, 1943]

CUTLERY

The fulfillment of requirements for the defense of the United States has created a shortage in the supply of metals used in the production of cutlery for defense, for private account and for export; and the following order is deemed necessary and appropriate in the public interest and to promote the national defense:

§ 3291.175 *General Limitation Order L–140–a*—(a) *Definitions.* For the purposes of this order:

(1) "Cutlery" means any professional food processing cutlery, as defined in Schedule A, any professional kitchen cutlery, as defined in Schedule B, any household kitchen cutlery, as defined in Schedule C, any household table cutlery, as defined in Schedule D, any pocket cutlery, as defined in Schedule E, any scissors, shears and trimmers, as defined in Schedule F, any hand hair or fetlock clippers, as defined in Schedule G, any industrial cutlery, as defined in Schedule H, and any hunting or fixed blade sheath knife, any carving sets, any poultry shears, any implement designed or intended for manicuring, for pedicuring or for extracting blackheads, including but not limited to nail files, nail nippers, nail clippers, pushers, picks, cuticle scissors, cuticle pushers, cuticle clippers and cuticle nippers, and any other hand operated, fixed or folding, cutting blade or fork with a handle or handles of any material attached so as to become an integral part of the implement. "Cutlery" shall not include any article of flatware, as defined in Order L–140–b, when issued, or any of the articles subject to Order L–30–d, as amended from time to time, or surgical instruments.

(2) "Manufacturer" means any person engaged in the business of fabricating or assembling any new cutlery from any raw material, purchased parts or previously used or fabricated material, or who performs any hand or mechanical fabricating or assembling operation on an article of cutlery.

(3) "Process" means the first change by a manufacturer in the form of material (whether raw material, semi or fully fabricated material or finished parts) from that form in which it is received by him, or the first assembly by a manufacturer of material which is not changed in form by him. Any manufacturer who did not maintain records during the base period as to his processing of metals in terms of weight, but who maintained records in terms of units of cutlery only, may apply all percentages contained in this order and schedules in terms of units rather than in terms of weight.

(4) "Base period" means the period beginning July 1, 1940 and ending June 30, 1941, inclusive.

(5) Gauges when referred to in this order, are subject to commercial tolerances.

(b) *Restrictions on kinds of cutlery which may be manufactured.* No manufacturer shall process any metal for new cutlery which is not of a type defined in a schedule in this order.

(c) *Restrictions on quantity of cutlery produced.* No manufacturer shall process more metal in the production of any new cutlery than the amount specified for that class of cutlery in the appropriate schedule attached to this order.

(d) *Exceptions for military orders.* In addition to the production permitted

[1] Formerly Part 1257, § 1257.2.

by paragraph (c) above a manufacturer may process sufficient additional amounts of metal to fill purchase orders or contracts for cutlery to be delivered by him to or for the account of

(1) The War Shipping Administration,

(2) The United States Maritime Commission,

(3) The United States Navy (excluding purchase orders placed by or for delivery to United States Navy Ship's Service Departments or United States Marine Corps post exchanges for resale by them within the 48 United States and the District of Columbia and not for use as equipment). The War Production Board may specifically authorize on Form WPB–1319 (formerly PD–556), pursuant to an application filed on said Form, the filling of purchase orders for cutlery for delivery to United States Navy Ship's Service Departments or United States Marine Corps post exchanges for resale within but for use outside the 48 United States and the District of Columbia. In completing said form supply all information called for in section I, and information called for in parts (a), (d), (e) and (f) of section II. Omit parts (b) and (c) of section II. In section III supply information called for in parts (1) (a) and (8). Omit information called for in parts (1) (b), (2), (3), (4), (5), (6) and (7) of section III. Form WPB–1319 (formerly PD–556) is to be filed and executed only by the Bureau of Naval Personnel, Navy Department, Washington, D. C., and if a specific authorization is granted, such authorization will be forwarded to the manufacturer specified in section I of said form.

(4) The United States Army (excluding purchase orders placed by or for delivery to United States Army post exchanges for resale by them within the 48 United States and the District of Columbia and not for use as equipment). The War Production Board may specifically authorize on Form WPB–1319 (formerly PD–556), pursuant to an application filed on said form, the filing of purchase orders for cutlery for delivery to and use by post exchanges located in areas designated by the United States Army as "staging areas." In completing said form supply all information called for in section I, and information called for in parts (a), (d), (e) and (f) of section II. Omit parts (b) and (c) of section II. In section III supply information called for in parts (1) (a) and (8). Omit information called for in parts (1) (b), (2), (3), (4), (5), (6) and (7) of section III. Form WPB–1319 (formerly PD–556) is to be filed and executed only by the Army Exchange Service of New York, and if a specific authorization is granted, such authorization will be forwarded to the manufacturer specified in section I of said form.

(e) *Specifications.* No manufacturer shall process any metal for the production of any new cutlery which does not conform to the specifications contained in the applicable schedules in this order except that these specifications do not apply to orders for household table cutlery, pocket cutlery and hunting or fixed blade sheath knives, or orders for other cutlery accepted by the manufacturer prior to July 1, 1943: *Provided,* That such orders are for the agencies specified above in paragraph (d).

(f) *Metal restrictions.* No manufacturer shall process any metals other than iron, carbon steel, gold and silver in the production of cutlery, except

(1) Lead for rivets and bolsters for paring knives as provided in Schedule B of this order;

(2) Metal for bolsters as provided in Schedule D of this order;

(3) Chromium for plating;

(4) Zinc as provided in Schedule G and H of this order subject to the restrictions contained in the M-11 series, as amended from time to time.

(g) *Hardness of knife blades and sharpening steels.* No manufacturer shall process any steel for the production of:

(1) Knife blades for cutlery which when finished tests less than 45, Rockwell C Scale;

(2) Sharpening steel which when finished tests less than 62, or more than 68, Rockwell C Scale.

(h) *Cutlery for advertising.* No manufacturer shall process metal for the production of any cutlery which is designed or intended for distribution free, or for a nominal consideration, in connection with advertising, sales promotion or similar use.

(i) *Packaging.* No manufacturer shall package cutlery in such a way as to indicate an intent to sell two or more pieces as a set to ultimate consumers.

(j) *Restrictions on distribution.* (1) No manufacturer, wholesaler or jobber shall sell or deliver any item of cutlery manufactured after June 30, 1942 which is intended for distribution free or for a nominal consideration, in connection with advertising, sales promotion or similar use.

(2) Notwithstanding the provisions of applicable regulations of the War Production Board, no manufacturer shall give any force or effect to any preference ratings, no matter how assigned, accompanying orders for cutlery which require the shipment of less than his regular standard package of that item of cutlery.

(k) *Special provision affecting distribution of overruns, rejects and cancellations.* When material for the production of cutlery is obtained with priorities assistance and, because of cancellations of orders or other reasons, can no longer be used for the purpose for which the assistance was given, such material may only be used as allowed in § 944.11, paragraph (b) of Priorities Regulation No. 1. Similarly, when such material has been manufactured into cutlery to fill a specific contract and that cutlery, because of overruns, rejects, cancellations or other reasons, cannot be used for that purpose, it may be used or disposed of only as allowed in that section. One of the ways in which these materials or products may be used or disposed of is outlined in subparagraph (5) of that section, which permits use and disposal in any manner specifically authorized in writing by the War Production Board. Applications for such authorization may be made on Form WPB–1319 (formerly PD–556).

NOTE: Former paragraphs (k) to (q) redesignated (l) to (r).

(l) *Partial revocation of L–140.* On and after July 1, 1943, the restrictions contained in L–140 are hereby superseded and L–140 is hereby revoked in so far as it applies to the production of any cutlery other than silver plated flatware restricted in paragraph (b) (5) of that order.

(m) *Avoidance of excessive inventories.* No manufacturer shall accumulate for use in the production of cutlery inventories of raw materials, semi-processed materials or finished parts in quantities in excess of the minimum amount necessary to maintain production as permitted by this order.

(n) *Reports.* (1) Prior to July 15, 1943, every manufacturer of cutlery shall execute and file in duplicate with the War Production Board, Washington 25, D. C., Ref: L–140–a, a report as to the aggregate amount of all metals processed by that manufacturer during the base period and grouped in accordance with the classes as specified in the definitions contained in the individual schedules attached to this order. Manufacturers who compute their processing of metals in units in accordance with paragraph (a) (3) of this order may file such report in units. This reporting requirement has been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(2) Every manufacturer affected by this order shall execute and file with the War Production Board, Washington 25, D. C., Ref.: L–140–a, on or before the 10th day of July, 1943, and on or before the 10th day of each calendar month thereafter, Form WPB–1600 (formerly PD–655).

(o) *Applicability of regulations.* This order and all transactions affected thereby are subject to all applicable provisions of the regulations of the War Production Board, as amended from time to time, except as provided in paragraph (j) (2).

(p) *Violations.* Any person who wilfully violates any provision of this order or who, in connection with this order, wilfully conceals a material fact or furnishes false information to any department or agency of the United States, is guilty of a crime and upon conviction may be punished by fine or imprisonment. In addition, any such person may be prohibited from making or obtaining further deliveries of, or from processing or using material under priority control and may be deprived of priorities assistance.

(q) *Appeals.* Any appeal from this order shall be made by filing Form WPB–1477 (formerly PD–500).

(r) *Communications.* All reports to be filed hereunder or communications concerning this order should be addressed to the War Production Board,

Consumers Durable Goods Division, Washington 25, D. C., Ref.: L-140-a.

Issued this 23d day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

SCHEDULE A—PROFESSIONAL FOOD PROCESSING CUTLERY

Definitions. "Professional food processing cutlery" means any hand operated knives, cleavers, splitters, sharpening steels, beef tiers, ham stringers, coring hooks, canning or pitting spoons, and other hand cutlery designed for, but not limited to, use in packing houses, quick-freezing plants, canneries and dehydrating plants for slaughtering, cleaning, dressing, boning and otherwise processing meats, poultry, fish, vegetables, fruits, and other food stuffs; and also hand cutlery designed for, but not limited to, use in butcher shops and provision markets for the further processing of meats and other foods.

"Pattern" means the outline shape of the blade of a knife or fork, or the bowl of a spoon, and does not apply to the grind or finish of the blade or bowl, or to the type of material, finish or color of the handle.

"Length" means, unless otherwise specified, the dimension of the blade or bowl measured from its tip to the place at which it enters the handle, plus or minus one-quarter inch.

Permissible types. No manufacturer shall process metal in the production of any professional food processing cutlery except that which conforms to the following specifications.

Description of items	Maximum number of patterns	Maximum number of lengths per pattern	Minimum length in inches
Butcher knife. Not lighter than .083" in thickness	1	4	6
Steak knife (Scimitar shape)	1	2	10
Trimming or heading knife	1	1	
Ribbing knife	1	1	
Boning knife (Straight blade)	2	2	
Boning knife (Curved blade)	1	1	
Sticking knife	1	1	6
Sticking knife (chicken)	1	1	
Sticking knife (turkey)	1	1	
Skinning knife	2	1	
Pinners knife (pinfeather)	1	1	
Sharpening steels	1	3	
Fish slitting or gutting knife	1	1	
Fish splitting knife	1	1	
Fish sliming knife	1	1	
Fish filet knife	1	1	
Clam knife	1	1	
Oyster knife	2	1	
Scallop knife	1	1	
Sponge or fishermen's sheath knife	1	1	
Ham stringer	1	1	
Beef tier	1	1	
Fruit canning knife (California type)	1	3	
Canning knife (California type)	1	1	
Tomato knife	1	1	
Beet topping knife	1	1	
Pitting spoon	3	1	
Tomato spoon	1	1	
Coring hook	2	1	
Cleavers	2	1	
Splitters	2	1	

No cutlery in this Schedule A, with the exception of patterns with round tangs, shall be finished without at least one rivet or one pin driven through at least one side of the handle and through the tang.

On and after July 1, 1943, no manufacturer shall process any metal in the production of the cutlery specified in this schedule which differs in pattern or length from such cutlery produced by him prior to that date. Once having processed metal for his full choice of number and types of patterns and lengths specified in this schedule and produced by him prior to that date, no manufacturer shall process metal for a different pattern or length whether or not it is in substitution of a discontinued pattern or length unless specifically authorized to do so by the War Production Board in writing.

Permissible amount of metal. During the period of three calendar months beginning July 1, 1943, and during any succeeding period of three calendar months, no manufacturer shall process in the production of professional food processing cutlery more iron and steel in the aggregate than 225% of the average quarterly amount of iron, steel and other metals in the aggregate processed by such manufacturer during the base period in his production of professional food processing cutlery.

SCHEDULE B—PROFESSIONAL KITCHEN CUTLERY

Definitions. "Professional kitchen cutlery" means any hand operated knives, forks, scrapers, turners and spatulas used in the preparation of food, designed for, but not limited to, use in the bakery trade and in kitchens of hotels, restaurants, cafeterias, hospitals, institutions and other public eating places.

"Pattern" means the outline shape of the blade of a knife or fork, or the bowl of a spoon. It does not apply to the grind or finish of the blade or bowl or to the type of material, finish or color of the handle.

"Length," unless otherwise specified, means the dimension of the blade or bowl measured from its tip to the place at which it enters the handle, plus or minus one-quarter inch.

Permissible types. No manufacturer shall process metal in the production of any professional kitchen cutlery except that which conforms to the following specifications:

Description of items	Maximum number of patterns	Maximum number of lengths per pattern	Length in inches
Butcher knife (not heavier than .072" in thickness, nor lighter than 0.65" in thickness).	1	2	8" Maximum.
Cook's knife (Sabatier shape, no heel, no bolster).	1	2	8" Minimum.
Meat slicer	2	1	10" Minimum.
Utility slicer	2	1	8" Maximum. 5" Minimum.
Paring knife	2	1	3½" Maximum.
Cook's fork (forged blade).	1	1	14" including handle.
Cook's fork (blanked blade, hardened and tempered).	1	1	
Spatula	1	3	8" Minimum.
Baker's scraper (1 weight of blade only).	1	1	
Cake turner (spatula type).	1	1	
Hamburg turner (spatula type).	1	1	

No cutlery in this Schedule B, with the exception of patterns with round tangs, shall be finished without at least one rivet or one pin driven through at least one side of the handle and through the tang.

On and after July 1, 1943, no manufacturer shall process any metal in the production of the cutlery specified in this schedule which differs in pattern or length from such cutlery produced by him prior to that date. Once having processed metal for his full choice of number and types of patterns and lengths specified in this schedule and produced by him prior to that date, no manufacturer shall process metal for a different pattern or length whether or not it is in substitution of a discontinued pattern or length unless specifically authorized to do so by the War Production Board in writing.

Permissible amount of metal. During the period of three calendar months beginning July 1, 1943, and during any succeeding period of three calendar months, no manufacturer shall process in the production of professional kitchen cutlery more iron and steel in the aggregate than 75% of the average quarterly amount of iron, steel and other metals in the aggregate processed by such manufacturer during the base period in his production of professional kitchen cutlery.

Use of lead. Manufacturers may process lead for rivets and bolsters for paring knives.

SCHEDULE C—HOUSEHOLD KITCHEN CUTLERY

Definitions. "Household kitchen cutlery" means hand operated knives and forks used in the preparation and serving of food, and designed for use in home kitchens.

"Pattern" means the outline shape of the blade of a knife or fork. It does not apply to the grind or finish of the blade or to the type of material, finish or color of the handle.

"Length" means, unless otherwise specified, the dimension of the blade measured from its tip to the place at which it enters the handle, plus or minus one-quarter inch.

Permissible types. No manufacturer shall process metal in the production of any household kitchen cutlery except that which conforms to the following specifications:

Description of items	Maximum No. of patterns	Maximum No. of lengths per pattern	Length in inches
Slicer	2	1	9" maximum
Cook's fork (blanked blade, hardened and tempered).	1	1	10½" maximum (including handle).

No cutlery in this Schedule C, with the exception of patterns with round tangs, shall be finished without at least one rivet or one pin driven through at least one side of the handle and through the tang.

On and after July 1, 1943, no manufacturer shall process any metal in the production of the cutlery specified in this schedule which differs in pattern or length from such cutlery produced by him prior to that date. Once having processed metal for his full choice of number and types of patterns and lengths specified in this schedule and produced by him prior to that date, no manufacturer shall process metal for a different pattern or length whether or not it is in substitution of a discontinued pattern or length unless specifically authorized to do so by the War Production Board in writing.

Permissible amount of metal. During the period of three calendar months beginning July 1, 1943, and during any succeeding period of three calendar months, no manufacturer shall process in the production of household kitchen cutlery more iron and steel in the aggregate than 35% of the average quarterly amount of iron, steel and other metals in the aggregate processed by such manufacturer during the base period in his production of household kitchen cutlery.

SCHEDULE D—HOUSEHOLD TABLE CUTLERY

Definitions. "Household table cutlery" means any knife, fork, spoon or any other cutlery of plated or unplated metal, with handles made of other material than metal, designed for the actual serving and eating of food in the home, other than all metal flatware.

"Pattern" means the outline shape of the blade of a knife or fork or the bowl of a spoon. It does not apply to the grind or finish of the blade or bowl or to the type of material, finish or color of the handle.

"Length" means, unless otherwise specified, the dimension of the blade or bowl measured from its tip to the place at which it enters the handle, plus or minus one-quarter inch.

Permissible types. No manufacturer shall process metal in the production of any household table cutlery except that which conforms to the following specifications:

Description of item	Maximum No. of patterns	Maximum No. of lengths per pattern
Table knife	1	1
Dessert fork	1	1
Dessert spoon	1	1
Teaspoon	1	1

On and after July 1, 1943, no manufacturer shall process any metal in the production of the cutlery specified in this schedule which differs in pattern or length from such cutlery produced by him prior to that date. Once having processed metal for his full choice of number and types of patterns and lengths specified in this schedule and produced by him prior to that date, no manufacturer shall process metal for a different pattern or length whether or not it is in substitution of a discontinued pattern or length unless specifically authorized to do so by the War Production Board in writing.

Metal for bolsters. Manufacturers may process lead, carbon steel or bolster metal in accordance with Order M-43, as amended from time to time, in the production of the household table cutlery specified in this schedule, provided that no lead, carbon steel or bolster metal is processed for such cutlery unless necessary to provide a serviceable junction betweeen the blade and handle.

Permissible amount of metal. During the period of three calendar months beginning July 1, 1943, and during any succeeding period of three calendar months, no manufacturer shall process in the production of household table cutlery more iron and steel in the aggregate than 50% of the average quarterly amount of iron, steel and other metals in the aggregate processed by such manufacturer during the base period in his production of household table cutlery.

NOTE: Paragraph entitled *"Chromium plating"* deleted.

SCHEDULE E—POCKET CUTLERY

Definitions. "Pocket cutlery" means any folding blade knife.

"Pattern" means the outline shape of the skeleton or frame. It does not apply to the shape of, number of or finishes of blades, or to the type of material, finish or color of the handle.

"Length", unless otherwise specified, means the outside measurement of the skeleton or frame of the knife, subject to a tolerance (plus or minus) of 1/16th inch.

"Number of blades per knife" refers only to the number of blades which may be fastened directly or indirectly to each skeleton or frame and does not refer to the shape or finish of the blades. Different styles of blades may be mounted on the same pattern of skeleton or frame. For instance, the specifications state that not more than one blade may be fastened to each skeleton or frame of a pruning, maize or navy knife. The manufacturer may produce as many styles of blades for such pruning, maize or navy knives as he wishes, so long as each completed knife contains only a single blade, irrespective of its style.

Permissible types. No manufacturer shall process metal in the production of pocket cutlery except that which conforms to the following specifications:

Description of items	Maximum No. of patterns	Maximum No. of lengths per pattern	No. of blades per knife
General utility knife	1	1	Maximum 4.
Premium stock knife or cattle knife.	3	1	Maximum 3.
Jackknife. No. of weights, 2.	1	3	2 only.
Pruning, maize or navy knife.	1	1	1 only.
Budding or grafting knife.	1	1	1 only.
Electrician's knife	1	1	2 only.
Scout knife	1	1	4 only.
Self opening knife	1	2	1 only.

No item in this List E may be made with a handle less than 3⅜ inches in length nor less than ⅜ of an inch in thickness at the narrowest point.

On and after July 1, 1943, no manufacturer shall process any metal in the production of the cutlery specified in this schedule which differs in pattern or length from such cutlery produced by him prior to that date. Once having processed metal for his full choice of number and types of patterns and lengths specified in this schedule and produced by him prior to that date, no manufacturer shall process metal for a different pattern or length whether or not it is in substitution of a discontinued pattern or length unless specifically authorized to do so by the War Production Board in writing.

Permissible amount of metal. During the period of three calendar months beginning July 1, 1943, and during any succeeding period of three calendar months, no manufacturer shall process in the production of pocket cutlery more iron and steel in the aggregate than 60% of the average quarterly amount of iron, steel and other metals in the aggregate processed by that manufacturer during the base period in his production of pocket cutlery.

SCHEDULE F—SCISSORS; SHEARS AND TRIMMERS

Definitions. "Scissors" means any two bladed, hand operated cutting implement having two rings, each of a size sufficient to accommodate not more than one finger or thumb in each ring, designed for use in industrial plants, schools, dressmakers' establishments, department stores, homes, etc., for cutting cloth, paper and miscellaneous materials; including nail scissors, but excluding surgical scissors and barber shears and scissors.

"Shears and trimmers" means any two bladed, hand operated cutting implement having one ring of a size sufficient to accommodate two or more fingers and a second ring which is smaller and barber shears or scissors possessing a protruding finger rest, but not including animal and agricultural shears and trimmers or metal cutting shears or snips.

Permissible amount of metal. During the period of three calendar months beginning July 1, 1943, and during any succeeding period of three calendar months, no manufacturer shall process in the production of scissors more iron and steel in the aggregate than 65% of the average quarterly amount of iron, steel and other metals in the aggregate processed by such manufacturer during the base period in his production of scissors.

During the period of three calendar months beginning July 1, 1943, and during any succeeding period of three calendar months, no manufacturer shall process in the production of shears and trimmers more iron and steel in the aggregate than 65% of the average quarterly amount of iron, steel and other metals in the aggregate processed by such manufacturer during the base period in his production of shears and trimmers.

SCHEDULE G—HAND HAIR CLIPPERS

Definitions. "Hand hair clippers" means clippers operated by hand, designed for but not limited to use in barber shops, beauty parlors, hospitals or homes for cutting human hair, and including fetlock clippers.

"Length" means the over-all measurement of the article from the tip of the stationary handle to the tip of the cap or head.

"Pattern" means the outline shape of the head, cap and handles, including horns and finger rests of the completed article, without the plates. It does not refer to the finish, color or weight of the article.

Permissible types. No manufacturer shall process metal in the production of any hand hair clippers except those which conform to the following specifications:

General description	Maximum No. of patterns	Maximum No. of lengths
Large heavy duty clippers	1	1
Light weight clippers	1	1
Fetlock clippers	1	1

Permissible amount of metal. During the year beginning July 1, 1943, and during any succeeding year, no manufacturer shall process in the production of new large heavy duty hand hair clippers and fetlock clippers more iron, steel and zinc in the aggregate than 45% of the amount of iron, steel and other metals in the aggregate processed by such manufacturer during the base period in his production of new large heavy duty hand hair clippers, and fetlock clippers.

During the year beginning July 1, 1943, and during any succeeding year, no manufacturer shall process in the production of new light weight hand hair clippers more iron, steel and zinc in the aggregate than 25% of the amount of iron, steel and other metals in the aggregate processed by such manufacturer during the base period in his production of new light weight hand hair clippers.

Restrictions on distribution. On and after July 1, 1943, no manufacturer shall transfer the physical possession of or title to any new light weight hand hair clipper produced after that date except to or for the account of persons acquiring such light weight hand hair clippers for export to and consumption or use in a foreign country.

NOTE: Paragraph entitled *"Chromium plating"* deleted.

SCHEDULE H—INDUSTRIAL CUTLERY

Definitions. "Industrial cutlery" means hand operated knives or similar articles designed for use primarily in, but not limited to, shoe, rubber, linoleum, electrical and other manufacturing plants; and in the shipbuilding, storage battery, automotive, tire repair, painting, furniture, office supply and other trades; including but not limited to putty knives, scrapers, wallpaper trimmers, paper hangers' knives, casing knives, corner knives, linoleum knives, roofing knives, manual training knives, wood carving knives, pattern makers' knives, stencil knives, rubber knives, shoe knives, cotton sampling knives, broom corn knives, and similar industrial knives; and also adjustable knife blades with detachable handles designed for essential cutting operations.

Permissible amounts of metal. During the period of three calendar months beginning July 1, 1943, and during any succeeding period of three calendar months, no manufacturer shall process in the production of industrial cutlery more iron, steel, and zinc in the aggregate than 200% of the average quarterly amount of iron, steel and other metals in the aggregate processed by such manufacturer during the base period in his production of industrial cutlery.

[F. R. Doc. 43-13714; Filed, August 23, 1943; 11:32 a. m.]

Chapter XI—Office of Price Administration

PART 1305—ADMINISTRATION

[Rev. Gen. RO 3A[1]]

RATIONING BANKING; DEPOSITORS

General Ration Order 3A is redesignated Revised General Ration Order 3A and is revised and amended to read as as follows:

Preamble: Billions of ration stamps and coupons are turned in to retail-gasoline, processed foods, meats and fats, ers annually by consumers of sugar, shoes and fuel oil. Retailers must transfer the stamps, or their equivalent, to wholesalers in order to replenish their stocks; wholesalers must repeat this process. Obviously some system of exchanging stamps and coupons for ration evidences of larger denominations is essential, to avoid counting, transporting and storing tremendous bulks of paper at each trade level.

Originally, the approximately 5,500 local boards, largely composed of volunteer personnel, performed this function. The boards had to count the stamps turned in, issue certificates against them, store the stamps and keep records of the transactions. Experience demonstrated that these boards were not staffed or equipped to handle this mechanical, time-consuming task and that it interfered with the performance of their more important administrative duties.

The ration banking plan was devised to relieve the boards of this burden. The commercial banks of the country were prevailed upon to perform this task, being reimbursed by the Government for the actual cost of operating ration bank accounts and the expenses incidental thereto, since they had the necessary bookkeeping machinery and facilities and were best equipped to handle the job.

Several months' experience in the operation of the ration banking system on a national scale has shown the need for a number of changes. The more important of these are provisions permitting checks to be transferred by non-depositors, instead of requiring them to be exchanged at local boards for other ration evidences; permitting depositors, if authorized by the Office of Price Administration, to transfer certificates and other ration evidences which they are now required to deposit; permitting the opening, if authorized by the Office of Price Administration, of more than one account for the same establishment, which was formerly not allowed; and simplifying various banking procedures. Some of these changes have already been put into effect by amendments to General Ration Order 3A. This Revised General Ration Order 3A includes all of them, and constitutes a simpler and more effective arrangement of the provisions of the order.

§ 1305.431 *Revised General Ration Order 3A.* Under the authority vested in the Office of Price Administration and the Price Administrator by Public Laws 421, 507, and 729, 77th Cong., by Executive Order No. 9125, issued by the President on April 7, 1942, this Revised General Ration Order 3A, which is annexed hereto and made a part hereof, is hereby issued.

AUTHORITY: § 1305.431 issued under Pub. Laws 421, 507, and 729, 77th Cong.; Executive Order No. 9125, 7 F.R. 2719; WPB Dir. No. 1, 7 F.R. 562.

REVISED GENERAL RATION ORDER 3A—RATION BANKING; DEPOSITORS

ARTICLE I—INTRODUCTION

Sec.
1.1 General plan of ration banking.
1.2 What orders govern operation of ration banking.
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ARTICLE II—OPENING ACCOUNTS

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Article I—Introduction

SECTION 1.1 *General plan of ration banking.* A ration bank account is used in much the same way as an ordinary dollar checking account. The chief difference is that in the case of a dollar account, a depositor may either deposit his money and issue dollar checks to pay his bills, or may transfer the money itself, while in the case of a ration account, a depositor, except in certain instances, must deposit all stamps, coupons, certificates, ration checks and other evidences received by him, and when he wants to transfer or spend his ration credits, must write and issue ration checks drawn on his account.

SEC. 1.2 *What orders govern operation of ration banking.* This order contains the rules applicable to all depositors. General Ration Order 3 governs the ration banking operations of the banks. Other matters, such as who may become depositors, what evidences may be deposited, requisites of deposit, and circumstances under which checks may be used, are determined by the several ration orders. Exempt agencies are also governed by General Ration Order 3B. The banks act as agencies of, and under the direction and supervision of, the Office of Price Administration, and are responsible only to the Office of Price Administration.

SEC. 1.3 *How accounts are authorized.* Various ration orders require certain persons and permit others to have ration bank accounts. Only these persons may become depositors and they may open only the accounts specifically authorized by or under the various ration orders.

SEC. 1.4 *Each person is a separate depositor as to each of his accounts.* Each person who opens more than one account is deemed to be a separate depositor as to each of his accounts. (Thus a person who has a sugar account and a processed foods account is both a sugar depositor and a processed foods depositor. If one person has two establishments and opens a separate sugar account for each, he is a sugar depositor as to each account.)

Article II—Opening Accounts

SEC. 2.1 *A separate account is required for each rationing program.* A person may not use the same account for more than one rationing program, but must open a separate account for each. (For example, he may not use one account for both processed foods and sugar, but must open a processed foods account and a sugar account.)

SEC. 2.2 *How many accounts are permitted.* Not more than one account for any one establishment may be opened for the same rationing program, unless authorized by the Office of Price Administration. Accounts for related activities of an establishment may also be opened, if authorized by the Office of Price Administration.

SEC. 2.3 *Accounts shall be opened where dollar accounts are carried.* Every account opened for any establishment, or for any related activity, or for any group of establishments, must be

[1] 8 F.R. 1130, 1149, 1963, 3520, 4627, 5843.

opened at a bank carrying a dollar checking account for that establishment, or for that activity, or for any establishment of that group, as the case may be, unless otherwise authorized by the Office of Price Administration. If there is no such dollar account, or if, in the case of a ration account the carrying of which is optional with the bank, the bank having the dollar account has elected not to carry such ration accounts, the account may be opened at any bank.

SEC. 2.4 *Signature cards and other papers required.* A person shall open his first account in any bank by signing and delivering to the bank completed signature cards supplied by the bank. He may open any additional account in the same bank by furnishing such additional signature cards as the bank may request. He may change the authorized signatures for an existing account by signed notice to the bank, and by furnishing such signature cards as the bank may request. He shall also, in all cases, furnish such references, proofs of identity and documents showing his authority to execute the signature cards as the bank may request.

Article III—Deposits

SEC. 3.1 *All evidences valid for deposit shall be deposited.* A depositor shall deposit all evidences which are in his possession when he opens his account, or are thereafter accepted by him, in the account carried for the establishment or related activity by or for which the evidences were received, and may not transfer them to any person for any purpose, unless otherwise provided by the Office of Price Administration. However, he shall not deposit in his account any evidence which has not yet become valid or which no longer is valid for deposit.

SEC. 3.2 *How deposits are made.* All ration evidences presented for deposit must be in the form prescribed by the ration order authorizing the account, and accompanied by a deposit slip filled out in duplicate, in the form prescribed by the Office of Price Administration, indicating each item deposited by type and amount, and in the case of a check, by transit number, unless permission to omit the transit number is granted by the regional office of the Office of Price Administration. All evidences must be endorsed by the depositor before being deposited.

SEC. 3.3 *Errors in deposit slips must be corrected.* If a depositor receives from his bank a notice of an error in a deposit slip, he must correct his duplicate copy. He must bring any objection to the attention of the bank within ten (10) days after receipt of the notice.

SEC. 3.4 *Person who fails to open a required account shall not transfer evidences.* A person who is required to open an account but does not do so may not transfer ration evidences to any person for any purpose.

Article IV—Issuance and Use of Checks

SEC. 4.1 *Checks may be issued only for purposes authorized by ration orders.* A check may be issued only by a depositor and only for a purpose permitted and with the effect prescribed by the ration order authorizing the account on which the check is drawn, except as otherwise provided in section 5.4 of this order.

SEC. 4.2 *How checks are issued.* Each check and its stub must be completely filled out before the check may be issued, but a check register, duplicate voucher or any similar record may be used in place of the check stub. Both check and stub or other record must contain the name of the person to whom the check is to be issued, the date on which it is drawn and the amount of credits to be transferred. The check must bear the name of the account and the depositor's authorized signature or signatures.

SEC. 4.3 *Post-dated checks are prohibited.* No person may issue or transfer a check before the date it bears.

SEC. 4.4 *Overdrafts are prohibited.* No check may be issued for an amount larger than the balance in the account on which it is drawn less the amount of outstanding checks drawn on that account.

SEC. 4.5 *Checks issued to the Office of Price Administration must be made payable to it.* A depositor who issues a check to the Office of Price Administration, or any office or board thereof, shall make it payable to the Office of Price Administration.

SEC. 4.6 *What checks may be certified.* All checks payable to the Office of Price Administration shall be certified or confirmed, unless otherwise provided by the Office of Price Administration. No other checks shall be certified or confirmed.

SEC. 4.7 *Altered or partially destroyed checks may not be used.* No check which has been altered, mutilated or partially destroyed, or which contains an erasure, may be issued, transferred or deposited. A person who holds such a check shall return it to the issuer with a request for a new check. If he is unable to locate the issuer, or to obtain a new check from him, he shall deliver the check to the district office, with a statement signed by him of all the circumstances.

SEC. 4.8 *Lost checks must be reported.* A person who loses or unintentionally destroys a check issued or transferred to him, or from whom such a check is stolen, shall notify the issuer in writing of the circumstances of the loss or destruction and request that a new check be issued to him. If he is unable to locate the issuer, or to obtain a new check from him, he shall send to the district office a statement signed by him of all the circumstances.

SEC. 4.9 *How altered and lost checks are replaced.* A depositor to whom an altered, mutilated or partially destroyed check issued by him is returned or who receives a request for the replacement of a lost, destroyed or stolen check issued by him, may issue a new check. If he does so, he must enter on the stub or other record (used in place of the stub) of the original check the fact that it has been lost, stolen, altered, mutilated, partially or completely destroyed, and on the stub or other record of the new check the fact that it replaces the original check. Every depositor shall immediately send his bank a written description of any checks drawn on his account and lost or stolen before deposit, and a description of any checks issued to replace them.

SEC. 4.10 *Checks received by non-depositors may be transferred.* A person who is not a depositor and is not required to be one, to whom a check is properly issued or transferred, may transfer it to any person for any purpose for which other evidences may be transferred under the ration order authorizing the account on which the check is drawn. He must endorse the check before transferring it.

Article V—Closing and Transferring Accounts

SEC. 5.1 *How to proceed when ration order requires closing of accounts.* Whenever a ration order shall require all depositors in a specified class or group to close their accounts, each depositor in that class or group shall promptly inform his bank in writing of the facts which bring him within it. The depositor shall reduce the balance in his account to zero within the time fixed in the ration order for the closing of such accounts. (The bank will close the account as soon as it has been reduced to zero.)

SEC. 5.2 *How to voluntarily close an account.* A depositor may not voluntarily discontinue the use of his account, and continue to deal at the same establishment in the rationed commodity for which the account is carried, without permission from the district office. He may request such permission by a letter to the district office stating the reasons for discontinuing the use of his account. The district office will notify the depositor of its decision, and, if permission is given, will also notify his bank to close the account.

SEC. 5.3 *Depositor must notify district office when he discontinues use of an account.* A depositor shall inform the district office in writing whenever he closes or transfers an establishment for which an account is carried, ceases to deal in a rationed commodity for which an account is carried, transfers his account from one bank to another, or changes the name in which his account is carried.

SEC. 5.4 *How a depositor proceeds when a bank withdraws from participation in ration banking.* Whenever a depositor receives notice from a bank in which he has an account that the bank is withdrawing from ration banking, he shall, within ten (10) days after receipt of such notice, reduce the balance in his account to zero. A depositor who is required to carry a ration bank account, or who is permitted to and desires to do so, shall draw a check payable to himself for the balance in his account less outstanding checks. He shall use such check as his initial deposit in opening a new account. If he is not required to carry an account and does not desire to do so, he shall draw a check payable to the Office of Price Administration for the balance in his account less outstanding checks, and deliver it to a board, and receive in exchange appropriate evidences represent-

ing the balance in his account. If a depositor has not reduced the balance in his account to zero within the ten (10) day period, he may write a letter to the district office, stating the reasons for his failure to do so, and if the district office finds that there was good reason for his failure, it may issue appropriate evidences representing the balance in his account. After the expiration of the ten (10) day period, he shall not draw any check against the account.

SEC. 5.5 *How accounts may be transferred.* A depositor desiring to discontinue his account in one bank and transfer it to another may draw a check payable to himself for the balance in his account less outstanding checks, and use such check as the initial deposit in opening his new account, subject to the provisions of sections 2.3 and 5.3 of this order.

Article VI—Other Rights and Duties of Depositors

SEC. 6.1 *Depositor is entitled to bank statements and must report errors.* Each depositor is entitled to receive from his bank at least quarterly a statement of his account and all cancelled checks which were charged against his account during the period covered by the statement, except certified checks and those statements and checks which the bank is required to forward to the Office of Price Administration. He must bring any objection to a statement to the attention of the bank within ten (10) days after the statement has been received by him.

SEC. 6.2 *Depositor may examine bank records.* A depositor may examine the bank records of his account during the regular business hours of the bank.

SEC. 6.3 *How disputes over balances are settled.* A depositor who has brought to the attention of his bank a timely objection to the bank's record of his balance or his account may, within twenty (20) days after making the objection, write a letter stating the facts to the district office. The District Director shall then decide the dispute. An appeal from the decision of the District Director may be made in the manner provided by Procedural Regulation 9 (Uniform Appeals Procedure) for appeals from the action of a State Director. Further appeals may be made as provided in that regulation. If the objection of the depositor is not sustained, the bank's records shall be final.

SEC. 6.4 *Depositor must preserve records.* A depositor must keep for at least two years all copies of deposit slips, notices of errors in deposit slips, statements of account received by him, cancelled checks returned to him, all stubs from which checks have been detached or other record used in place of stubs, returned or unissued checks, and unused and spoiled check forms. All records shall be subject to inspection, removal or other disposition only by the Department of Justice, the Office of Price Administration or any other persons authorized by the Office of Price Administration.

Article VII—General Provisions

SEC. 7.1 *When evidences may not be accepted.* No person may accept any evidence which he knows or has reason to believe is being issued or transferred in violation of this order.

SEC. 7.2 *Accounts are under the control of the Office of Price Administration.* The Office of Price Administration may require the opening, closing, debiting, crediting or other disposition of any account, whether or not the depositor has requested such action.

SEC. 7.3 *Accounts are not subject to legal process.* An account shall not be subject to attachment, garnishment, levy, execution, injunction or similar legal process, except on written authorization from the Office of Price Administration.

SEC. 7.4 *Terms explained.* When used in this order, unless the context requires otherwise:

"Account" means a ration bank account carried by a bank, in which the bank keeps a record of deposits of evidences and of transfers of ration credits.

"Bank" means a bank or bank branch, and any other organization which is authorized by the Office of Price Administration to participate in ration banking as a bank, which participates in ration banking by opening an account in accordance with General Ration Order 3.

"Board" means a war price and rationing board.

"Check" means a ration check, in the form prescribed by the Office of Price Administration, drawn by a depositor against his account and made payable to a named person.

"Depositor" means a person who has a ration bank account. A person shall be deemed a separate depositor as to each of his accounts.

"District Director" means the person holding the office of District Director or District Manager in a district office.

"District office" means the district office of the Office of Price Administration having jurisdiction over the area in which the bank carrying the account for a depositor is located.

"Establishment" has whatever meaning is given to it by the ration order authorizing the account referred to.

"Evidence" means a ration evidence authorizing the transfer, delivery or acquisition of rationed commodities, or the transfer of ration credits, and includes stamps, coupons, certificates, checks, stamp envelopes and other similar instruments issued or authorized by the Office of Price Administration.

"Issue", when used with respect to a check, means the delivery of a check by the issuer to the person to whom the check is made payable.

"Issuer", when used with respect to a check, means the person on whose account the check is drawn.

"Person" means an individual, corporation, partnership, joint-stock company, trust, trustee, unincorporated association, government or governmental agency and any other organized group or enterprise, and shall be deemed to include the authorized agent of any such person.

"Ration credits" means the credits in an account reflecting deposits of ration evidences.

"Ration order" means any ration order issued by authority of the Office of Price Administration.

"Transfer", when used in connection with evidences, means any delivery except to a bank for deposit.

SEC. 7.5 *Penalties.* The prohibitions and penalties provided in General Ration Order 8 are hereby made a part of this order.

SEC. 7.6. *Saving clause.* This revision of General Ration Order 3A shall not have the effect of releasing or extinguishing any penalty or liability incurred under such order before it was revised, and the order as it previously existed shall be treated as still remaining in force for the purpose of allowing or sustaining any proper action or prosecution with respect to such penalty or liability.

Effective date. This Revised General Ration Order 3A shall become effective August 25, 1943.

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13634; Filed, August 20, 1943; 3:12 p. m.]

PART 1305—ADMINISTRATION

[Gen. RO 11,[1] Amdt. 3]

REPLACEMENT OF RATIONED FOODS USED IN PRODUCTS ACQUIRED BY DESIGNATED AGENCIES

A rationale for this amendment has been issued simultaneously herewith and has been filed with the Division of the Federal Register.*

The second and third sentences of section 4.1 (b) are deleted.

This amendment shall become effective August 25, 1943.

(Pub. Law 671, 76th Cong., as amended by Pub. Laws 89, 421, 507 and 729, 77th Cong.; E.O. 9125, 7 F.R. 2719; E.O. 9280, 7 F.R. 10170; WPB Directive 1, 7 F.R. 562; WPB Supp. Dir. 1-E, 7 F.R. 2965; WPB Supp. Dir. 1-M, 7 F.R. 8234; WPB Supp. Dir. 1-R, 7 F.R. 9684; Food Directive 1, 8 F.R. 827; Food Dir. 3, 8 F.R. 2005; Food Dir. 5, 8 F.R. 2251; Food Dir. 6, 8 F.R. 3471; Food Dir. 7, 8 F.R. 3471)

NOTE: All reporting and record-keeping requirements of this amendment have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13635; Filed, August 20, 1943; 3:12 p. m.]

*Copies may be obtained from the Office of Price Administration.

[1] 8 F.R. 9008, 9625, 10419.

PART 1351—FOOD AND FOOD PRODUCTS

[Rev. MPR 271,[1] Amdt. 6]

ONIONS

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Section 12 (b) is amended to read as follows:

(b) For all dry onions of any variety imported from any country for sale within the continental limits of the United States the point of entry shall be deemed the country shipping point and the maximum price per 50 pounds, f. o. b. such point of entry, shall be the same as the maximum price, f. o. b. country shipping point, for the most closely similar variety of domestic dry onions produced in the State or locality in which that point of entry is located.

This amendment shall become effective August 20, 1943.

(56 Stat. 23, 765; Pub. Law 151, 78th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13636; Filed, August 20, 1943; 3:12 p. m.]

PART 1351—FOOD AND FOOD PRODUCTS

[MPR 444]

COTTONSEED OIL MEAL, CAKE, SIZED CAKE AND PELLETS; AND COTTONSEED HULLS AND HULL BRAN

Correction

In F.R. Document 43-12456 appearing on page 10903 of the issue for Thursday, August 5, 1943, the reference in section 5 (a) to "trade prices specified in Schedule A of the Processor Contract" should read "minimum trade prices" instead of "maximum trade prices."

PART 1358—TOBACCOS

[MPR 283, Amdt. 4]

BURLEY (TYPE NO. 31) TOBACCO

Correction

In F.R. Document 43-12758 appearing on page 10988 of the issue for Saturday, August 7, 1943, the heading "Burley Tobacco (1942 Crop): Grade Labeling" should read "Burley (Type No. 31) Tobacco".

PART 1384—HARDWOOD LUMBER PRODUCTS

[Rev. MPR 338]

AIRCRAFT AND NO. 1 SHEET STOCK VENEER

Maximum Price Regulation 338 is redesignated Revised Maximum Price Regulation 338 and is revised and amended to read as follows:

*Copies may be obtained from the Office of Price Administration.

[1] 8 F.R. 7017, 7494, 8075, 9160, 10731.

In the judgment of the Price Administrator the maximum prices established by this revised regulation are and will be generally fair and equitable and will effectuate the purposes of the Emergency Price Control Act of 1942, as amended, and Executive Orders No. 9250 and No. 9328. A statement of the considerations involved in the issuance of this revised regulation has been issued simultaneously herewith and has been filed with the Division of the Federal Register.*

§ 1384.151 *Maximum prices for aircraft and No. 1 sheet stock veneer.* Under the authority vested in the Price Administrator by the Emergency Price Control Act of 1942, as amended, and Executive Orders No. 9250 and No. 9328, Revised Maximum Price Regulation No. 338 (Aircraft and No. 1 Sheet Stock Veneer), which is annexed hereto and made a part hereof, is hereby issued.

AUTHORITY: § 1384.151 issued under Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681.

REVISED MAXIMUM PRICE REGULATION 338—AIRCRAFT AND NO. 1 SHEET STOCK VENEER

ARTICLE I—PROHIBITIONS AND SCOPE OF REGULATION

Sec.

1. Sales of aircraft and No. 1 sheet stock veneer at higher than maximum prices prohibited.
2. To what transactions, products and persons this regulation applies.

ARTICLE II—MAXIMUM PRICES AND TERMS OF SALE

3. Maximum prices.
4. Additions to maximum prices for transportation, crating, and dry-clipping.
5. What the invoice must contain.
6. Prohibited practices.

ARTICLE III—MISCELLANEOUS

7. Adjustable pricing.
8. Applications for adjustment and petition for amendment.
9. Records and reports.
10. Enforcement and licensing.
11. Relation to other regulations.

ARTICLE IV—APPENDIX

12. Appendix: Classes and maximum prices for aircraft and No. 1 sheet stock veneer.

Article I—Prohibition and Scope of Regulation

SECTION 1. *Sales of aircraft and No. 1 sheet stock veneer at higher than maximum prices prohibited.* (a) Regardless of any contract or other obligation, no person shall sell or deliver, and no person shall buy or receive any veneer covered by this regulation at prices higher than the maximum prices fixed by this regulation, and no person shall agree, offer, or attempt to do any of these things.

(b) If veneer covered by this regulation has been received before the effective date of this revised regulation by a carrier, other than one owned or controlled by the seller, for shipment to a buyer, that shipment is not subject to the terms of this regulation.

(c) Prices lower than the maximum prices may, of course, be charged and paid.

SEC. 2. *To what transactions, products and persons this regulation applies*—(a) *Products and transactions covered.* This regulation covers, under the name "aircraft and No. 1 sheet stock grade veneer", any and all domestic sales of rotary cut, half round and sliced yellow poplar, sweet gum, water tupelo, sweet, yellow, Alaska and paper birch, hard maple and basswood veneer which satisfies the Army-Navy specifications (AN-NN-P-511b) or British Standard specifications 5-V-3 and 6-V-3 for aircraft grade veneer and National Hardwood Lumber Association Grading rules for birch and hard maple No. 1 sheet stock grade veneer.

(b) *Persons covered.* Any person who sells or purchases veneer described in paragraph (a) of this section is subject to this regulation.

Article II—Maximum Prices and Terms of Sale

SEC. 3. *Maximum prices*—(a) *In general.* The maximum prices, f. o. b. mill, for standard specifications of veneer covered by this regulation are set out in the price tables in the Appendix (sec. 12).

(b) *Veneer covered by the regulation but not specifically priced.* Veneer of specifications not listed in the Appendix is nevertheless subject to this regulation. The maximum price for this veneer will be established upon application by the seller to the Lumber Branch, Office of Price Administration, Washington, D. C. The application shall contain a complete description of the specifications, available cost data, and the selling price requested. Deliveries of this veneer may be made, pending approval of a price, at the requested price, subject to adjustment based upon the action of the Office of Price Administration. Approval of a price will be by letter or telegram, and any price not disapproved within 30 days from receipt of the application shall be considered approved until amended or revoked by this Office.

(c) *Sales of more than one class of veneer.* Where two or more classes of veneer are sold together, each class must be invoiced separately, and the price for each class cannot exceed the applicable maximum price.

SEC. 4. *Additions to maximum prices for transportation, crating, and dry clipping.* (a) The seller may add to the maximum f. o. b. mill prices (set out in the appendix) any charge or expense for transportation from the mill paid or incurred by the seller.

(b) The seller may add to the maximum prices the following charges for crating veneer sold for export shipment:

	Per 1000 surface feet
For veneer .032" or thinner	$1.00
For veneer .034" to and including .064"	1.50
For veneer .066" to and including .095"	2.00
For veneer .100" and thicker	2.75

(c) The seller may make an addition of $1.50 per thousand feet to the maximum f. o. b. mill prices of veneer, either rotary cut, half-round or sliced, for dry-clipping to provide parallel edges.

SEC. 5. *What the invoice must contain.* All invoices must contain a sufficiently complete description as to quantity, di-

mensional specifications and grade of the veneer to show whether the price is proper or not. Any specification or extra which affects the maximum price must be mentioned in the description. The invoice must show separately the origin and destination of the shipment, the amount added for transportation, and any charge made for crating for export or dry-clipping.

SEC. 6. *Prohibited practices.* Any practice which is a device to get the effect of a higher-than-ceiling price without actually raising the dollars-and-cents price is as much a violation of this regulation as an outright over-ceiling price. This applies to devices making use of commissions, services, transportation arrangements, premiums, special privileges, tying-agreements, trade understandings, changes in discount practices and the like.

Article III—Miscellaneous

SEC. 7. *Adjustable pricing.* Any person may agree to sell at a price which can be increased up to the maximum price in effect at the time of delivery; but no person may, unless authorized by the Office of Price Administration, deliver or agree to deliver at prices to be adjusted upward in accordance with action taken by the Office of Price Administration after delivery. Such authorization may be given when a request for a change in the applicable maximum price is pending, but only if the authorization is necessary to promote distribution or production and if it will not interfere with the purposes of the Emergency Price Control Act of 1942, as amended. The authorization may be given by the Administrator or by any official of the Office of Price Administration to whom authority to grant such authorization has been delegated. The authorization will be given by order, except that it may be given by letter or telegram when the contemplated revision will be the granting of an individual application for adjustment.

SEC. 8. *Applications for adjustment and petitions for amendment*—(a) *Government contracts.* (1) The term "government contracts" is here used to include any contract with the United States or any of its agencies, or with the government or any governmental agency of any country whose defense the President deems vital to the defense of the United States under the terms of the Act of March 11, 1941, entitled "An Act to Promote the Defense of the United States". It also includes any subcontract under this kind of contract.

(2) Any person who has made or intends to make a "government contract" and who thinks that a maximum price established in this regulation is impeding or threatens to impede production of veneer which is essential to the war program and which is or will be the subject of the contract, may file an application for adjustment in accordance with Procedural Regulation No. 6,[1] issued by the Office of Price Administration.

(b) *Petitions for amendment.* Any person seeking an amendment of any provision of this regulation may file a petition for amendment in accordance with the provisions of Revised Procedural Regulation No. 1,[2] issued by the Office of Price Administration.

SEC. 9. *Records and reports*—(a) *Records.* All sellers must keep records which will show a complete description as to quantity, dimensional specifications and grade of the items of veneer sold, the name and address of the buyer, the date of the sale and the price. Buyers must keep similar records, including the name and address of the seller. These records must be kept for all purchases and sales of veneer covered by this regulation. They must be kept for two years, for inspection by the Office of Price Administration. Any records which the Office of Price Administration later requires must also be kept.

(b) *Reports.* Any reports that the Office of Price Administration has required in the past, or requires from time to time, must be submitted.

SEC. 10. *Enforcement and licensing.* (a) Persons violating any provision of this regulation are subject to the criminal penalties, civil enforcement actions, suits for treble damages, and proceedings for revocation of licenses, provided for by the Emergency Price Control Act of 1942.

(b) War procurement agencies and their contracting or paying finance officers are not subject to any liability, civil or criminal, imposed by this regulation. "War procurement agencies" include the War Department, the Navy Department, the United States Maritime Commission and the Lend-Lease Section in the Procurement Division of the Treasury Department, or any of their agencies. Sales by such agencies are, nevertheless, subject to this regulation.

SEC. 11. *Relation to other regulations*—(a) *General Maximum Price Regulation.* Sales or deliveries covered by this Revised Maximum Price Regulation No. 338 are not subject to the General Maximum Price Regulation;[3] except that sales, purchases and deliveries of commodities covered by this regulation which originate outside of and are imported into the continental United States are governed by the provisions of the General Maximum Price Regulation, and especially Revised Supplementary Regulation No. 12.

(b) *Second Revised Maximum Export Price Regulation.* The maximum price for export sales of aircraft veneer is governed by the Second Revised Maximum Export Price Regulation.[4]

Article IV—Appendix

SEC. 12. *Appendix: Classes and maximum prices for aircraft and No. 1 Sheet stock grade veneer*—(a) *Classes of veneer.* The following are the classes of veneer for the purposes of this regulation:

(1) *Sliced.*

Class 1. Flitches 10' to 16' long, inclusive, containing at least one 100% aircraft grade cutting with a minimum length of 7'2" and full width of flitch. This class applies only to gum, poplar and basswood.

Class 2. Flitches of random length 6' to 16' long.

Class 3. Flitches which may be longer than lengths specified by purchaser (from a minimum of 6'2") but which are billed at purchaser's specified length, plus an overlength of 10%. For example: If the order called for 98" length and if 120" length was shipped, the purchaser would be billed for a length of 108" (98" plus 10"). The flitches must have a 100% aircraft grade cutting equal in length to the purchaser's specified length and full width of the flitch. This class applies only to gum, poplar and basswood.

Class 4a. Flitches cut to exact length specified by the purchaser, lengths 5'1¾" or less.

Class 4b. Flitches cut to exact length specified by the purchaser, lengths 5'2" to 8'2", inclusive.

Class 5. Flitches cut to exact lengths specified by purchaser, lengths 8'2¼", 10'2", inclusive.

Class 6. Flitches cut to exact length specified by purchaser, lengths 10'2¼" to 12'2", inclusive.

Class 7. Flitches cut to exact length specified by purchaser, lengths 12'2¼" to 14'2", inclusive.

Class 8. Flitches cut to exact length specified by purchaser, lengths 14'2¼" or longer.

NOTES: 1. For sweet gum, tupelo, poplar and basswood the minimum width shall be 6 inches. However, if the purchaser is willing to take ten percent or less in widths from 4½ to 5¾ inches, the maximum price for veneer in these narrow widths is ten percent less than the ceiling prices set out in the tables.

2. For birch and maple the minimum width shall be 5 inches.

(2) *Rotary cut or half-round.*

Class A. Stock cut to exact lengths up to and including 56" as specified by the purchaser. Widths may be random with minimum widths of 5¼" for birch and maple, and 6" for gum, tupelo, poplar, and basswood, and a maximum width of 38"; or widths may be specified 5", 6½", 9½", 11", 13½", 18" and 26".

Class B. Same specifications as Class "A" except lengths are to be from 56¼" to 74", inclusive, as specified by purchaser.

Class C. Same specifications as Class "A" except lengths are to be from 74¼" to 86", inclusive, as specified by purchaser.

Class D. Same specifications as Class "A" except lengths are to be from 86¼" to 98", inclusive, as specified by purchaser.

Class E. Same specifications as Class "A" except lengths are to be from 98¼" to 110", inclusive, as specified by purchaser.

Class F. Same specifications as Class "A" except lengths are to be 110¼" or longer, as specified by purchaser.

Class AA. Same specifications as Class "A" except that widths shall be 10" or more and include 2 or more equal width part pieces. These part pieces shall measure in total width 1" more for each joint than the specified dimension width.

Class BB. Same specifications as Class "B" except that widths shall be 10" or more and include 2 or more equal width part pieces. These part pieces shall measure in total width 1" more for each joint than the specified dimension width.

Class CC. Same specifications as Class "C" except that widths shall be 10" or more and include 2 or more equal width part pieces. These part pieces shall measure in total width 1" more for each joint than the specified dimension width.

Class DD. Same specifications as Class "D" except that widths shall be 10" or more and include 2 or more equal width part pieces. These part pieces shall measure in total width 1" more for each joint than the specified dimension width.

Class EE. Same specifications as Class "E" except that widths shall be 10" or more and include 2 or more equal width part pieces.

[1] 7 F.R. 5087, 5664; 8 F.R. 6173, 6174.

[2] 7 F.R. 8961; 8 F.R. 3313, 3533, 6173.

[3] 8 F.R. 3096, 3849, 4347, 4486, 4724, 4978, 4848, 6047, 6962, 8511, 9025.

[4] 8 F.R. 4132, 5987, 7662.

These part pieces shall measure in total width 1" more for each joint than the specified dimension width.

Class FF. Same specifications as Class "F" except that widths shall be 10" or more and include 2 or more equal width part pieces. These part pieces shall measure in total width 1" more for each joint than the specified dimension width.

(b) *Maximum prices.* The maximum prices, f. o. b. mill per 1000 surface feet; for aircraft and No. 1 sheet stock grade veneer are shown in the following tables:

TABLE 1—MAXIMUM PRICES FOR SLICED SWEET GUM AND WATER TUPELO AIRCRAFT VENEER PER AN-NN-P-511b PRODUCED AT MILLS LOCATED IN NORTH CAROLINA, TENNESSEE, ARKANSAS AND ALL STATES FARTHER SOUTH

Thickness		Class 1	Class 2	Class 3	Class 4a	Class 4b	Class 5	Class 6	Class 7	Class 8
Decimal	Approximate fraction									
.030 and thinner	1/32	$12.80	$16.00	$16.00	$12.50	$16.65	$17.30	$17.90	$18.55	$19.20
.031, .032	1/32	13.10	16.35	16.35	12.75	17.00	17.70	18.35	19.00	19.65
.034	1/29	13.80	17.25	17.25	13.45	17.95	18.65	19.30	20.00	20.70
.036	1/28	14.30	17.90	17.90	13.95	18.60	19.30	20.00	20.75	21.45
.040	1/25	15.30	19.15	19.15	14.95	19.90	20.65	21.40	22.20	22.95
.042, .043	1/24	15.95	19.95	19.95	15.60	20.75	21.55	22.35	23.15	23.95
.047, .048	1/21	17.30	21.60	21.60	16.25	21.65	22.50	23.35	24.20	25.10
.050	1/20	18.00	22.50	22.50	17.55	23.40	24.30	25.20	26.10	27.00
.056	1/18	19.15	23.95	23.95	18.70	24.90	25.85	26.80	27.75	28.75
.060, .061	1/17	20.00	25.00	25.00	19.50	26.00	27.00	28.00	29.00	30.00
.063, .064	1/16	21.10	26.35	26.35	20.60	27.45	28.50	29.55	30.60	31.65
.066, .067	1/15	21.90	27.40	27.40	21.40	28.50	29.55	30.65	31.75	32.85
.068		22.35	27.95	27.95	21.75	29.00	30.20	31.30	32.40	33.50
.071	1/14	23.20	29.00	29.00	22.65	30.15	31.30	32.50	33.65	34.80
.079, .080		25.80	32.25	32.25	25.15	33.50	34.85	36.10	37.40	38.70
.083	1/12	27.00	33.75	33.75	26.35	35.10	36.45	37.80	39.15	40.50
.086, .088		28.00	35.00	35.00	27.30	36.40	37.75	39.20	40.60	42.00
.094	3/32	29.60	37.00	37.00	28.90	38.50	40.00	41.45	42.90	44.40
.095		30.30	37.85	37.85	29.55	39.40	40.90	42.40	43.95	45.45
.100, .104	1/10	31.90	39.85	39.85	31.15	41.50	43.00	44.65	46.25	47.85
.111	1/9	34.30	42.85	42.85	33.45	44.60	46.30	48.00	49.75	51.45
.125	1/8	37.40	46.75	46.75	36.45	48.60	50.50	52.35	54.25	56.10

TABLE 2—MAXIMUM PRICES FOR SLICED SWEET GUM AND WATER TUPELO AIRCRAFT VENEER PER AN-NN-P-511b PRODUCED AT MILLS LOCATED IN MARYLAND, VIRGINIA, WEST VIRGINIA, KENTUCKY AND ALL PLACES IN ILLINOIS, INDIANA AND OHIO WITHIN TEN MILES OF THE OHIO RIVER

Thickness		Class 1	Class 2	Class 3	Class 4a	Class 4b	Class 5	Class 6	Class 7	Class 8
Decimal	Approximate fraction									
.030 and thinner	1/32	$13.90	$17.35	$17.35	$13.55	$18.05	$18.75	$19.45	$20.15	$20.85
.031, .032	1/32	14.15	17.70	17.70	13.80	18.40	19.10	19.80	20.50	21.20
.034	1/29	14.95	18.70	18.70	14.60	19.45	20.20	20.95	21.65	22.45
.036	1/28	15.50	19.40	19.40	15.15	20.15	20.95	21.70	22.50	23.25
.040	1/25	16.60	20.75	20.75	16.20	21.60	22.40	23.25	24.00	24.90
.042, .043	1/24	17.40	21.75	21.75	16.95	22.60	23.50	24.35	25.25	26.10
.047, .048	1/21	18.75	23.45	23.45	18.30	24.35	25.30	26.25	27.20	28.15
.050	1/20	19.50	24.40	24.40	19.00	25.35	26.35	27.30	28.30	29.25
.056	1/18	20.80	26.00	26.00	20.25	27.00	28.10	29.10	30.15	31.20
.060, .061	1/17	21.70	27.10	27.10	21.20	28.20	29.30	30.40	31.45	32.50
.063, .064	1/16	22.80	28.50	28.50	22.25	29.65	30.80	31.90	33.00	34.20
.066, .067	1/15	23.75	29.70	29.70	23.15	30.85	32.00	33.25	34.45	35.60
.068		24.20	30.25	30.25	23.60	31.45	32.65	33.90	35.10	36.30
.071	1/14	25.10	31.40	31.40	24.50	32.65	33.90	35.15	36.40	37.65
.079, .080		27.90	34.85	34.85	27.20	36.25	37.65	39.00	40.45	41.85
.083	1/12	29.10	36.40	36.40	28.40	37.85	39.30	40.75	42.20	43.65
.086, .088		30.20	37.75	37.75	29.45	39.25	40.75	42.25	43.80	45.25
.094	3/32	32.00	40.00	40.00	31.20	41.60	43.20	44.80	46.40	48.00
.095		32.65	40.80	40.80	31.85	42.45	44.00	45.70	47.35	49.00
.100, .104	1/10	34.30	42.85	42.85	33.45	44.60	46.30	48.00	49.75	51.45
.111	1/9	37.00	46.20	46.20	36.00	48.00	49.90	51.75	53.60	55.40
.125	1/8	40.30	50.40	50.40	39.30	52.40	54.40	56.40	58.45	60.45

TABLE 3—MAXIMUM PRICES FOR SLICED SWEET GUM AND WATER TUPELO AIRCRAFT VENEER PER AN-NN-P-511b PRODUCED AT MILLS LOCATED IN AREAS NOT COVERED BY TABLES 1 AND 2

Thickness		Class 1	Class 2	Class 3	Class 4a	Class 4b	Class 5	Class 6	Class 7	Class 8
Decimal	Approximate fraction									
.030 and thinner	1/32	$14.55	$18.20	$18.20	$14.20	$18.90	$19.65	$20.35	$21.10	$21.85
.031, .032	1/32	14.90	18.60	18.60	14.55	19.40	20.10	20.85	21.60	22.35
.034	1/29	15.70	19.65	19.65	15.30	20.40	21.20	22.00	22.75	23.50
.036	1/28	16.30	20.35	20.35	15.90	21.20	22.00	22.80	23.65	24.45
.040	1/25	17.45	21.80	21.80	17.00	22.70	23.55	24.45	25.30	26.20
.042, .043	1/24	18.15	22.65	22.65	17.70	23.60	24.50	25.40	26.30	27.25
.047, .048	1/21	19.75	24.65	24.65	19.30	25.70	26.65	27.65	28.65	29.65
.050	1/20	20.50	25.65	25.65	20.00	26.65	27.70	28.70	29.75	30.75
.056	1/18	21.90	27.35	27.35	21.40	28.50	29.60	30.65	31.75	32.85
.060, .061	1/17	22.80	28.50	28.50	22.25	29.65	30.80	31.90	33.00	34.20
.063, .064	1/16	24.00	30.00	30.00	23.40	31.20	32.40	33.60	34.80	36.00
.066, .067	1/15	24.95	31.20	31.20	24.35	32.45	33.70	35.00	36.15	37.45
.068		25.50	31.85	31.85	24.85	33.15	34.40	35.70	37.00	38.25
.071	1/14	26.40	33.00	33.00	25.75	34.30	35.65	37.00	38.30	39.60
.079, .080		29.20	36.50	36.50	28.45	37.95	39.40	40.90	42.35	43.80
.083	1/12	30.50	38.20	38.20	29.75	39.65	41.15	42.70	44.25	45.75
.086, .088		31.60	39.60	39.60	30.85	41.10	42.65	43.25	45.80	47.45
.094	3/32	33.50	41.90	41.90	32.65	43.55	45.20	46.90	48.55	50.25
.095		34.20	42.75	42.75	33.40	44.50	46.15	47.90	49.60	51.30
.100, .104	1/10	35.90	44.90	44.90	35.00	46.65	48.50	50.25	52.00	53.85
.111	1/9	38.70	48.40	48.40	37.75	50.30	52.25	54.20	56.10	58.00
.125	1/8	42.25	52.85	52.85	41.20	54.90	57.00	59.15	61.25	63.35

TABLE 4—MAXIMUM PRICES FOR ROTARY CUT AND HALF-ROUND SWEET GUM AND WATER TUPELO AIRCRAFT VENEER PER AN-NN-P-511b PRODUCED AT MILLS LOCATED IN NORTH CAROLINA, TENNESSEE, ARKANSAS AND ALL STATES FARTHER SOUTH

Thickness		Class A	Class B	Class C	Class D	Class E	Class F	Class AA	Class BB	Class CC	Class DD	Class EE	Class FF
Decimal	Approximate fractions												
.030 and thinner	1/32	$11.00	$12.10	$13.20	$14.30	$15.40	$16.50	$11.55	$12.70	$13.85	$15.00	$16.20	$17.35
.031, .032	1/32	11.25	12.40	13.50	14.65	15.75	16.90	11.80	13.00	14.20	15.40	16.55	17.75
.034	1/29	11.75	12.95	14.10	15.25	16.45	17.65	12.35	13.60	14.80	16.00	17.25	18.55
.036	1/28	12.00	13.20	14.40	15.60	16.80	18.00	12.60	13.85	15.10	16.40	17.65	18.90
.040	1/25	12.75	14.00	15.30	16.60	17.85	19.15	13.40	14.75	16.00	17.45	18.75	20.00
.042, .043	1/24	13.10	14.40	15.70	17.00	18.35	19.65	13.75	15.10	16.50	17.85	19.25	20.65
.047, .048	1/21	14.25	15.65	17.10	18.50	19.95	21.40	14.95	16.45	17.95	19.50	20.95	22.50
.050	1/20	14.60	16.05	17.55	19.00	20.45	21.90	15.30	16.85	18.45	19.95	21.50	23.00
.056	1/18	15.40	16.95	18.50	20.05	21.55	23.10	16.20	17.80	19.45	21.00	22.60	24.25
.060, .061	1/17	15.95	17.55	19.15	20.75	22.35	23.95	16.75	18.40	20.10	21.80	23.45	25.15
.063, .064	1/16	16.75	18.45	20.10	21.75	23.45	25.15	17.60	19.40	21.10	22.85	24.65	26.40
.066, .067	1/15	17.45	19.20	20.95	22.70	24.45	26.20	18.30	20.15	22.00	23.85	25.70	27.50
.068		17.90	19.70	21.50	23.30	25.00	26.85	18.80	20.70	22.60	24.45	26.25	28.20
.071	1/14	18.55	20.40	22.25	24.10	26.00	27.80	19.50	21.40	23.35	25.30	27.30	29.20
.079, .080	1/13	20.60	22.65	24.70	26.75	28.85	30.90	21.65	23.80	25.95	28.10	30.30	32.45
.083	1/12	21.40	23.55	25.70	27.85	30.00	32.10	22.50	24.70	27.00	29.25	31.50	33.70
.086, .088		22.25	24.45	26.70	28.95	31.15	33.35	23.40	25.65	28.05	30.40	32.75	35.05
.094	3/32	23.70	26.00	28.45	30.80	33.20	35.50	24.90	27.30	29.85	32.35	34.85	37.25
.095		24.15	26.60	29.00	31.40	33.80	36.25	25.35	27.90	30.45	33.00	35.50	38.10
.100, .104	1/10	24.95	27.45	29.95	32.45	34.95	37.40	26.20	28.85	31.45	34.10	36.70	39.25
.111	1/9	27.15	29.85	32.60	35.30	38.00	40.75	28.50	31.35	34.25	37.00	39.90	42.75
.125	1/8	30.15	33.15	36.20	39.20	42.20	45.25	31.65	34.80	38.00	41.15	44.30	47.50

TABLE 5—MAXIMUM PRICES FOR ROTARY CUT AND HALF-ROUND SWEET GUM AND WATER TUPELO AIRCRAFT VENEER PER AN-NN-P-511b PRODUCED AT MILLS LOCATED IN MARYLAND, VIRGINIA, WEST VIRGINIA, KENTUCKY AND ALL PLACES IN ILLINOIS, INDIANA AND OHIO WITHIN TEN MILES OF THE OHIO RIVER

Thickness		Class A	Class B	Class C	Class D	Class E	Class F	Class AA	Class BB	Class CC	Class DD	Class EE	Class FF
Decimal	Approximate fraction												
.030 and thinner	1/32	$12.00	$13.20	$14.40	$15.65	$16.80	$18.00	$12.60	$13.85	$15.10	$16.45	$17.65	$18.90
.031, .032	1/32	12.30	13.55	14.75	16.00	17.20	18.45	12.90	14.25	15.50	16.80	18.05	19.35
.034	1/29	12.85	14.15	15.40	16.70	18.00	19.25	13.50	14.85	16.15	17.50	18.90	20.20
.036	1/28	13.15	14.50	15.80	17.10	18.40	19.70	13.80	15.25	16.60	17.95	19.30	20.70
.040	1/25	14.00	15.40	16.80	18.20	19.60	21.00	14.70	16.15	17.65	19.10	20.60	22.00
.042, .043	1/24	14.45	15.90	17.35	18.80	20.25	21.65	15.15	16.70	18.20	19.75	21.25	22.75
.047, .048	1/21	15.60	17.15	18.70	20.30	21.85	23.40	16.40	18.00	19.65	21.30	22.95	24.60
.050	1/20	16.10	17.70	19.30	20.90	22.50	24.15	16.90	18.60	20.25	21.95	23.60	25.35
.056	1/18	17.00	18.70	20.40	22.10	23.80	25.50	17.85	19.65	21.40	23.20	25.00	26.75
.060, .061	1/17	17.55	19.30	21.05	22.85	24.55	26.30	18.40	20.25	22.10	24.00	25.75	27.60
.063, .064	1/16	18.45	20.30	22.15	24.00	25.85	27.70	19.35	21.30	23.25	25.20	27.15	29.10
.066, .067	1/15	19.25	21.15	23.10	25.00	26.95	28.85	20.20	22.20	24.25	26.25	28.30	30.30
.068		19.70	21.65	23.65	25.60	27.60	29.50	20.70	22.75	24.85	26.90	29.00	31.00
.071	1/14	20.40	22.45	24.50	26.50	28.55	30.60	21.40	23.60	25.75	27.85	30.00	32.15
.079, .080	1/13	22.50	24.75	27.00	29.35	31.50	33.75	23.60	26.00	28.35	30.80	33.10	35.45
.083	1/12	23.45	25.80	28.15	30.50	32.85	35.20	24.65	27.10	29.55	32.00	34.50	37.00
.086, .088		24.35	26.80	29.25	31.70	34.15	36.55	25.60	28.15	30.70	33.25	35.85	38.50
.094	3/32	25.95	28.55	31.15	33.75	36.35	38.90	27.25	30.00	32.70	35.45	38.15	40.85
.095		26.40	29.00	31.70	34.35	37.00	39.60	27.75	30.45	33.30	36.00	38.85	41.60
.100, .104	1/10	27.30	30.00	32.75	35.50	38.20	40.95	28.65	31.50	34.40	37.25	40.10	43.00
.111	1/9	29.75	32.75	35.70	38.65	41.65	44.65	31.25	34.40	37.50	40.60	43.75	46.90
.125	1/8	32.95	36.25	39.50	42.85	46.15	49.40	34.60	38.10	41.50	45.00	48.45	51.85

TABLE 6—MAXIMUM PRICES FOR ROTARY CUT AND HALF-ROUND SWEET GUM AND WATER TUPELO AIRCRAFT VENEER PER AN-NN-P-511b PRODUCED AT MILLS LOCATED IN AREAS NOT COVERED BY TABLES 4 AND 5

Thickness		Class A	Class B	Class C	Class D	Class E	Class F	Class AA	Class BB	Class CC	Class DD	Class EE	Class FF
Decimal	Approximate fractions												
.030 and thinner	1/32	$12.70	$14.00	$15.25	$16.50	$17.80	$19.00	$13.35	$14.70	$16.00	$17.35	$18.70	$19.95
.031, 032	1/32	13.00	14.30	15.60	16.90	18.20	19.50	13.65	15.00	16.40	17.75	19.10	20.50
.034	1/29	13.60	14.95	16.30	17.65	19.00	20.40	14.30	15.70	17.10	18.55	19.95	21.40
.036	1/28	13.90	15.30	16.70	18.05	19.45	20.85	14.60	16.10	17.55	18.95	20.45	21.90
.040	1/25	14.80	16.30	17.75	19.25	20.70	22.20	15.55	17.10	18.65	20.20	21.75	23.30
.042, .043	1/24	15.20	16.70	18.25	19.75	21.30	22.80	15.95	17.55	19.15	20.75	22.35	23.95
.047, .048	1/21	16.60	18.25	19.90	21.55	23.25	24.90	17.45	19.15	20.90	22.65	24.40	26.15
.050	1/20	17.05	18.75	20.45	22.15	23.85	25.55	17.90	19.70	21.50	23.25	25.00	26.80
.056	1/18	18.00	19.80	21.60	23.45	25.20	27.00	18.90	20.80	22.70	24.65	26.50	28.35
.060, .061	1/17	18.70	20.55	22.45	24.30	26.20	28.00	19.65	21.60	23.60	25.50	27.50	29.40
.063, .064	1/16	19.60	21.55	23.50	25.45	27.45	29.40	20.60	22.65	24.70	26.75	28.80	30.85
.066, .067	1/15	20.40	22.45	24.50	26.50	28.55	30.60	21.40	23.60	25.75	27.85	30.00	32.15
.068		20.90	23.00	25.10	27.15	29.25	31.35	22.00	24.15	26.35	28.50	30.70	32.90
.071	1/14	21.55	23.70	25.85	28.00	30.15	32.30	22.65	24.90	27.15	29.40	31.65	33.90
.079, .080	1/13	23.90	26.30	28.70	31.10	33.45	35.85	25.10	27.60	30.15	32.65	35.10	37.65
.083	1/12	24.85	27.35	29.80	32.30	34.80	37.25	26.10	28.70	31.30	33.90	36.55	39.10
.086, .088		25.80	28.40	30.95	33.55	36.10	38.60	27.10	29.80	32.50	35.20	37.90	40.60
.094	3/32	27.45	30.20	32.95	35.70	38.40	41.15	28.80	31.70	34.60	37.50	40.30	43.20
.095		27.90	30.70	33.50	36.30	39.00	41.85	29.30	32.25	35.20	38.10	41.00	43.95
.100, .104	1/10	28.85	31.75	34.60	37.50	40.40	43.25	30.30	33.35	36.35	39.40	42.40	45.40
.111	1/9	31.40	34.55	37.70	40.85	43.95	47.10	33.00	36.30	39.60	42.90	46.15	49.40
.125	1/8	34.90	38.40	41.90	45.35	48.85	52.35	36.65	40.30	44.00	47.60	51.30	55.05

TABLE 7—MAXIMUM PRICES FOR SLICED YELLOW POPLAR AND BASSWOOD AIRCRAFT VENEER PER AN-NN-P-511b

Thickness		Class 1	Class 2	Class 3	Class 4a	Class 4b	Class 5	Class 6	Class 7	Class 8
Decimal	Approximate fraction									
.030 and thinner	1/32	$13.90	$17.35	$17.35	$13.55	$18.05	$18.75	$19.45	$20.15	$20.85
.031, .032	1/32	14.15	17.70	17.70	13.80	18.40	19.10	19.80	20.50	21.20
.034	1/29	14.95	18.70	18.70	14.60	19.45	20.20	20.95	21.65	22.45
.036	1/28	15.50	19.40	19.40	15.15	20.15	20.95	21.70	22.50	23.25
.040	1/25	16.60	20.75	20.75	16.20	21.60	22.40	23.25	24.00	24.90
.042, .043	1/24	17.40	21.75	21.75	16.95	22.60	23.50	24.35	25.25	26.10
.047, .048	1/21	18.75	23.45	23.45	18.30	24.35	25.30	26.25	27.20	28.15
.050	1/20	19.50	24.40	24.40	19.00	25.35	26.35	27.30	28.30	29.25
.056	1/18	20.80	26.00	26.00	20.25	27.00	28.10	29.10	30.15	31.20
.060, .061	1/17	21.70	27.10	27.10	21.20	28.20	29.30	30.40	31.45	32.50
.063, .064	1/16	22.80	28.50	28.50	22.25	29.65	30.80	31.90	33.00	34.20
.066, .067	1/15	23.75	29.70	29.70	23.15	30.85	32.00	33.25	34.45	35.60
.068		24.20	30.25	30.25	23.60	31.45	32.65	33.90	35.10	36.30
.071	1/14	25.10	31.40	31.40	24.50	32.65	33.90	35.15	36.40	37.65
.079, .080		27.90	34.85	34.85	27.20	36.25	37.65	39.00	40.45	41.85
.083	1/12	29.10	36.40	36.40	28.40	37.85	39.30	40.75	42.20	43.65
.086, .088		30.20	37.75	37.75	29.45	39.25	40.75	42.25	43.80	45.25
.094	3/32	32.00	40.00	40.00	31.20	41.60	43.20	44.80	46.40	48.00
.095		32.65	40.80	40.80	31.85	42.45	44.00	45.70	47.35	49.00
.100, .104	1/10	34.30	42.85	42.85	33.45	44.60	46.30	48.00	49.75	51.45
.111	1/9	37.00	46.20	46.20	36.00	48.00	49.90	51.75	53.60	55.40
.125	1/8	40.30	50.40	50.40	39.30	52.40	54.40	56.40	58.45	60.45

TABLE 8—MAXIMUM PRICES FOR ROTARY CUT AND HALF-ROUND YELLOW POPLAR AND BASSWOOD AIRCRAFT VENEER PER AN-NN-P-511b

Thickness		Class A	Class B	Class C	Class D	Class E	Class F	Class AA	Class BB	Class CC	Class DD	Class EE	Class FF
Decimal	Approximate fraction												
.030 and thinner	1/32	$12.00	$13.20	$14.40	$15.65	$16.80	$18.00	$12.60	$13.85	$15.10	$16.45	$17.65	$18.90
.031, .032	1/32	12.30	13.55	14.75	16.00	17.20	18.45	12.90	14.25	15.50	16.80	18.05	19.35
.034	1/29	12.85	14.15	15.40	16.70	18.00	19.25	13.50	14.85	16.15	17.50	18.90	20.20
.036	1/28	13.15	14.50	15.80	17.10	18.40	19.70	13.80	15.25	16.60	17.95	19.30	20.70
.040	1/25	14.00	15.40	16.80	18.20	19.60	21.00	14.70	16.15	17.65	19.10	20.60	22.00
.042, .043	1/24	14.45	15.90	17.35	18.80	20.25	21.65	15.15	16.70	18.20	19.75	21.25	22.75
.047, .048	1/21	15.60	17.15	18.70	20.30	21.85	23.40	16.40	18.00	19.65	21.30	22.95	24.60
.050	1/20	16.10	17.70	19.30	20.90	22.50	24.15	16.90	18.60	20.25	21.95	23.60	25.35
.056	1/18	17.00	18.70	20.40	22.10	23.80	25.50	17.85	19.65	21.40	23.20	25.00	26.75
.060, .061	1/17	17.55	19.30	21.05	22.85	24.55	26.30	18.40	20.25	22.10	24.00	25.75	27.60
.063, .064	1/16	18.45	20.30	22.15	24.00	25.85	27.70	19.35	21.30	23.25	25.20	27.15	29.10
.066, .067	1/15	19.25	21.15	23.10	25.00	26.95	28.85	20.20	22.20	24.25	26.25	28.30	30.30
.068		19.70	21.65	23.65	25.60	27.60	29.50	20.70	22.75	24.85	26.90	29.00	31.00
.071	1/14	20.40	22.45	24.50	26.50	28.55	30.60	21.40	23.60	25.75	27.85	30.00	32.15
.079, .080	1/13	22.50	24.75	27.00	29.35	31.50	33.75	23.60	26.00	28.35	30.80	33.10	35.45
.083	1/12	23.45	25.80	28.15	30.50	32.85	35.20	24.65	27.10	29.55	32.00	34.50	37.00
.086, .088		24.35	26.80	29.25	31.70	34.15	36.55	25.60	28.15	30.70	33.25	35.85	38.50
.094	3/32	25.95	28.55	31.15	33.75	36.35	38.90	27.25	30.00	32.70	35.45	38.15	40.85
.095		26.40	29.00	31.70	34.35	37.00	39.60	27.75	30.45	33.30	36.00	38.85	41.60
.100, 104	1/10	27.30	30.00	32.75	35.50	38.20	40.95	28.65	31.50	34.40	37.25	40.10	43.00
.111	1/9	29.75	32.75	35.70	38.65	41.65	44.65	31.25	34.40	37.50	40.60	43.75	46.90
.125	1/8	32.95	36.25	39.50	42.85	46.15	49.40	34.60	38.10	41.50	45.00	48.45	51.85

TABLE 9—MAXIMUM PRICES FOR PLAIN SLICED SWEET, YELLOW, ALASKA AND PAPER BIRCH AND HARD MAPLE AIRCRAFT VENEER PER AN-NN-P-511b AND AIRSCREW OR PROPELLER, GRADE A AIRCRAFT OR AIRFRAME VENEER PER BRITISH STANDARD SPECIFICATIONS, 5V3, AND 6V3

Thickness		Class 2	Class 4a	Class 4b	Class 5	Class 6	Class 7	Class 8
Decimal	Approximate fraction							
.016 and thinner	1/64	$15.20	$12.00	$16.00	$16.80	$17.60	$18.40	$19.20
.020, .021	1/50	16.15	12.75	17.00	17.85	18.70	19.55	20.40
.022	1/45	16.75	13.25	17.65	18.55	19.40	20.30	21.20
.028	1/36	17.60	13.90	18.50	19.45	20.35	21.30	22.20
.030	1/33	18.15	14.35	19.10	20.05	21.00	22.00	22.90
.031, .032	1/32	18.45	14.55	19.40	20.40	21.35	22.30	23.30
.034	1/29	19.45	15.35	20.45	21.50	22.50	23.50	24.55
.036	1/28	20.00	15.85	21.10	22.15	23.20	24.25	25.30
.040	1/25	20.90	16.50	22.00	23.10	24.20	25.30	26.40
.042, .043	1/24	21.60	17.10	22.75	23.90	25.00	26.15	27.30
.047, .048	1/21	22.90	18.10	24.10	25.30	26.50	27.70	28.90
.050	1/20	23.50	18.55	24.70	25.95	27.20	28.40	29.65
.056	1/18	25.55	20.20	26.90	28.25	29.60	30.95	32.30
.060, .061	1/17	27.10	21.40	28.50	29.95	31.35	32.80	34.20
.063, .064	1/16	27.75	21.90	29.20	30.65	32.15	33.60	35.05
.066, .067, .068	1/15	29.55	23.35	31.10	32.65	34.20	35.75	37.30
.071	1/14	31.85	25.15	33.50	35.20	36.85	38.55	40.20
.079, .080	1/13	36.40	28.75	38.30	40.20	42.15	44.05	45.95
.083	1/12	39.10	30.90	41.15	43.20	45.25	47.30	49.40
.086, .088		41.00	32.45	43.20	45.35	47.50	49.70	51.85
.094, .095	3/32	45.10	35.60	47.45	49.80	52.20	54.55	56.95
.100, .104	1/10	48.45	38.25	51.00	53.55	56.10	58.65	61.20
.111	1/9	55.00	43.45	57.95	60.85	63.75	66.65	69.55
.125	1/8	63.90	50.45	67.25	70.60	74.00	77.35	80.70

TABLE 10—MAXIMUM PRICES FOR ROTARY CUT SWEET, YELLOW, ALASKA, AND PAPER BIRCH AND HARD MAPLE AIRCRAFT VENEER PER AN-NN-P-511b, AND, AIRSCREW OR PROPELLER, GRADE A AIRCRAFT OR AIRFRAME VENEER PER BRITISH STANDARD SPECIFICATIONS 5V3 AND 6V3

Thickness		Class A	Class B	Class C	Class D	Class E	Class F	Class AA	Class BB	Class CC	Class DD	Class EE	Class FF
Decimal	Approximate fractions												
.016 and thinner	1/64	$11.10	$12.20	$13.30	$14.45	$15.55	$16.65	$11.65	$12.80	$13.95	$15.15	$16.35	$17.50
.020, .021	1/50	11.80	13.00	14.15	15.35	16.50	17.70	12.40	13.65	14.85	16.10	17.35	18.60
.022	1/45	12.25	13.45	14.70	15.90	17.15	18.40	12.85	14.10	15.45	16.70	18.00	19.30
.028	1/36	12.85	14.15	15.40	16.70	18.00	19.25	13.50	14.85	16.15	17.55	18.90	20.20
.030	1/33	13.25	14.60	15.90	17.25	18.55	19.90	13.90	15.35	16.70	18.10	19.50	20.90
.031, .032	1/32	13.45	14.80	16.15	17.50	18.85	20.20	14.10	15.55	16.95	18.40	19.80	21.20
.034	1/29	14.20	15.65	17.05	18.45	19.90	21.30	14.90	16.45	17.90	19.35	20.90	22.35
.036	1/28	14.65	16.10	17.60	19.05	20.50	22.00	15.40	16.90	18.50	20.00	21.55	23.10
.040	1/25	15.30	16.80	18.35	19.90	21.40	22.95	16.05	17.65	19.25	20.90	22.45	24.10
.042, .043	1/24	15.80	17.40	18.95	20.55	22.10	23.70	16.60	18.25	19.90	21.60	23.20	24.90
.047, .048	1/21	16.75	18.40	20.10	21.75	23.45	25.10	17.60	19.30	21.10	22.85	24.60	26.35
.050	1/20	17.15	18.85	20.60	22.30	24.00	25.75	18.00	19.80	21.65	23.40	25.20	27.05
.056	1/18	18.65	20.50	22.40	24.25	26.10	28.00	19.60	21.55	23.50	25.45	27.40	29.40
.060, .061	1/17	19.80	21.80	23.75	25.75	27.70	29.70	20.80	22.90	24.95	27.05	29.10	31.20
.063, .064	1/16	20.30	22.35	24.35	26.40	28.40	30.45	21.30	23.45	25.55	27.70	29.80	31.95
.066, .067, .068	1/15	21.60	23.75	25.90	28.10	30.25	32.40	22.70	24.95	27.20	29.50	31.75	34.00
.071	1/14	23.25	25.60	27.90	30.25	32.55	34.90	24.40	26.90	29.30	31.75	34.20	36.65
.079, .080	1/13	26.60	29.25	31.90	34.60	37.25	39.90	27.95	29.35	33.50	36.30	39.10	41.90
.083	1/12	28.60	31.45	34.30	37.20	40.00	42.90	30.00	33.00	36.00	39.00	42.00	45.00
.086, .088		30.00	33.00	36.00	39.00	42.00	45.00	31.50	34.65	37.80	40.95	44.10	47.25
.094, .095	3/32	32.95	36.25	39.55	42.85	46.15	49.45	34.60	38.00	41.50	45.00	48.45	51.90
.100, .104	1/10	35.45	39.00	42.55	46.10	49.65	53.20	37.25	40.95	44.70	48.40	52.15	55.85
.111	1/9	40.25	44.25	48.30	52.35	56.35	60.40	42.25	46.45	50.70	54.95	59.15	63.40
.125	1/8	46.70	51.35	56.05	60.70	65.40	70.00	49.00	53.90	58.85	63.75	68.65	73.50

TABLE 11—MAXIMUM PRICES FOR ROTARY CUT SWEET, YELLOW, ALASKA, AND PAPER BIRCH AND HARD MAPLE NO. 1 SHEET STOCK PER N. H. L. A. RULES

Thickness		Class A	Class B	Class C	Class D	Class E	Class F
Decimal	Approximate fraction						
.016 and thinner	1/64	$9.25	$10.20	$11.10	$12.05	$12.95	$13.90
.020, .021	1/50	9.85	10.85	11.80	12.80	13.80	14.80
.022	1/45	10.20	11.20	12.25	13.25	14.30	15.30
.028	1/36	10.70	11.75	12.85	13.90	15.00	16.05
.030	1/33	11.05	12.15	13.25	14.35	15.45	16.60
.031, .032	1/32	11.20	12.30	13.45	14.55	15.70	16.80
.034	1/29	11.85	13.05	14.20	15.40	16.60	17.80
.036	1/28	12.20	13.40	14.65	15.85	17.10	18.30
.040	1/25	12.75	14.05	15.30	16.60	17.85	19.15
.042, .043	1/24	13.15	14.45	15.80	17.10	18.40	19.75
.047, .048	1/21	13.95	15.35	16.75	18.15	19.55	20.95
.050	1/20	14.30	15.75	17.15	18.60	20.00	21.45
.056	1/18	15.55	17.10	18.65	20.20	21.75	23.35
.060, .061	1/17	16.50	18.15	19.80	21.45	23.10	24.75
.063, .064	1/16	16.90	18.60	20.30	21.95	23.65	25.35
.066, .067, .068	1/15	18.00	19.80	21.60	23.40	25.20	27.00
.071	1/14	19.35	21.30	23.20	25.15	27.10	29.00
.079, .080	1/13	22.15	24.35	26.60	28.80	31.00	33.25
.083	1/12	23.85	26.25	28.60	31.00	33.40	35.80
.086, .088		25.00	27.50	30.00	32.50	35.00	37.50
.094, .095	3/32	27.45	30.20	32.95	35.70	38.45	41.20
.100, .104	1/10	29.55	32.50	35.45	38.40	41.35	44.30
.111	1/9	33.55	36.90	40.25	43.60	47.00	50.30
.125	1/8	38.90	42.80	46.70	50.55	54.45	58.35

This revised regulation shall become effective August 26, 1943.

NOTE: All reporting and record-keeping requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13637; Filed, August 20, 1943; 3:13 p. m.]

PART 1499—COMMODITIES AND SERVICES

[Order 82 Under SR 15 to GMPR]

MASHKIN FREIGHT LINES, INC.

Correction

In F.R. Document 43-12412 appearing on page 10732 of the issue for Tuesday, August 3, 1943, the issuance date of Tariff MF-ICC No. 4 referred to in § 1499.-1382 (a) should read "June 17, 1942."

PART 1305—ADMINISTRATION

[Gen. RO 5,[1] Amdt. 32]

FOOD RATIONING FOR INSTITUTIONAL USERS: COFFEE

A rationale for this amendment has been issued simultaneously herewith and has been filed with the Division of the Federal Register.*

General Ration Order No. 5 is amended in the following respect:

Section 22.1 is amended by adding a sentence at the end of the paragraph defining "Rationed food", to read as follows: "However, on and after July 29, 1943, coffee shall not be a rationed food."

This amendment shall become effective August 25, 1943.

(Pub. Law 671, 76th Cong.; as amended by Pub. Laws 89, 421, and 507, 77th Cong.; E.O. 9125, 7 F.R. 2719; E.O. 9280, 7 F.R. 10179; WPB Dir. 1, Supp. Dir. 1-E, 1-M and 1-R, 7 F.R. 562, 2965, 7234, 9684, respectively; Food Dir. 3, 5, 6 and 7, 8 F.R. 2005, 2251, 3471, respectively)

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13640; Filed, August 20, 1943; 4:39 p. m.]

PART 1314—RAW MATERIALS FOR SHOES AND LEATHER PRODUCTS

[RPS 9,[2] Amdt. 3]

HIDES, KIPS AND CALFSKINS

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

*Copies may be obtained from the Office of Price Administration.

[1] 8 F.R. 10002.

[2] 7 F.R. 1227, 2000, 2132, 5706, 8948; 8 F.R. 2997.

Revised Price Schedule No. 9 is amended in the following respects:

1. Section 1314.4 is amended to read as follows:

§ 1314.4 *Brokers*—(a) *Responsibility of brokers.* A broker is responsible, to the extent of his participation in the transaction, for any violation of this schedule.

(b) *Commissions.* In the event that a seller of hides, kips or calfskins shall employ a broker to sell hides, kips or calfskins on his behalf, or in the event that a buyer shall employ a broker to buy, receive or ship hides, kips or calfskins on his behalf, a brokerage commission of not more than 3% of the purchase price may be charged for such services and added to the applicable maximum price established hereunder. A commission may not be charged to both buyer and seller, nor may it be paid on sales by, or purchases from a tanner. Commissions may not be included as part of the sight draft or other means of payment for the hides, kips or calfskins purchased. A commission shall be payable only if the hides, kips or calfskins are purchased or sold at a price no higher than the applicable maximum price and the commission is not split or divided with the seller, or with an agent or employee of the seller.

In no case may any person charge or receive such a commission or fee on hides, kips or calfskins sold for his own account even though such person may have performed the receiving service or any other service for the buyer; and in no case may any person charge or receive, pay or offer to pay such commission or fee, or any service or other charge, in connection with the purchase, sale, receiving or shipment of hides, kips or calfskins in the green or partially cured state or in connection with the purchase, sale, receiving or shipment of hides, kips or calfskins (except slunks) in lots of less than 20,000 pounds of hides or 5,000 pounds of skins.

2. Section 1314.5a is added to read as follows:

§ 1314.5a *Maximum allowable shrinkage.* Shrinkage is the difference between the invoice net weight and net tared weight at the tannery. The maximum allowable shrinkage on any shipment of hides, kips or calfskins shall be determined from the table set forth in § 1314.-13, Appendix C.

"Net tared weight at the tannery" shall be determined as follows: (a) weigh the shipment at the tannery, (b) weigh 25 representative pieces of each type (i. e. hides, kips or calfskins) which must be free of mud and manure, (c) shake each piece twice on each side, over a barrel or horse, (d) sweep each hide[3] on both sides, (e) weigh each sample lot after taring. The difference in the weight obtained for each sample lot in steps (b) and (e) shall be applied proportionately to the weight of the entire lot of the given type to obtain the net tared weight of the shipment at the tannery.

3. Section 1314.6a is added to read as follows:

[3] Calf and kipskins are not swept.

§ 1314.6a *Invoices*—(a) *Sellers' invoices.* On and after August 26, 1943, every person who sells hides, kips or calfskins to a tanner, whether or not the sale is made through a broker, shall, within one (1) day from the date of shipment, mail to the tanner or the tanner's agent an invoice or similar document[3] showing: (1) the date of the invoice, (2) the date of sale, (3) the name and address of the tanner, (4) the War Production Board allocation number or numbers against which the sale was made, (5) the mode of transportation and terms of shipment, (6) the destination, (7) the quantity (both number of pieces and pounds, regardless of whether priced by the pound or by the piece) and price of each type, classification and grade[4] of hides, kips or calfskins sold, (8) the tare and other allowances given and (9) the name of the person taking up the hides, kips or calfskins.

(b) *Brokers' invoices.* On and after August 26, 1943, every person who, in connection with a purchase of hides, kips or calfskins by a tanner, has rendered a brokerage service for compensation, shall, within five (5) days from the date of shipment, mail to the tanner an invoice or similar document showing: (1) the date of the invoice, (2) the date of purchase, (3) the name and address of the buyer, (4) the War Production Board allocation number or numbers against which the purchase was made, (5) the mode of transportation and terms of shipment, (6) the destination, (7) the name and address of the seller (or sellers), (8) the quantity (both number of pieces and pounds, regardless of whether priced by the pound or by the piece) and price of each type, classification and grade[4] of hides, kips or calfskins purchased, (9) the tare and other allowances given, (10) the name of the person taking up the hides, kips or calfskins and (11) the commission charged. It is not necessary, however, that a broker submit his own invoice showing the specified data. The requirements of this paragraph will be satisfied by attaching to the invoice for commission a copy of each invoice furnished by the seller.

4. Section 1314.7 is amended to read as follows:

§ 1314.7 *Reports*—(a) *Submission of invoices by sellers.* On and after August 26, 1943, every person who sells hides, kips or calfskins to a tanner, whether or not the sale is made through a broker, shall submit to the Office of Price Administration, Washington, D. C., a copy of each invoice or similar document delivered in connection with each sale.[5] Such copy shall be mailed to the Office of Price Administration, Washington, D. C., contemporaneously with its transmission to the tanner or tanner's agent.

[3] In each case where a tanner who purchases hides, kips or calfskins on memorandum, receives the shipment, he shall prepare the required invoice or similar document and mail a copy thereof to the seller.

[4] Grubby hides or kips must be so identified on the invoice.

[5] Tanners affected by footnote 3 of § 1314.6a shall mail a copy of the invoice to the Office of Price Administration, Washington, D. C. contemporaneously with its transmission to the seller.

(b) *Submission of invoices by brokers.* On and after August 26, 1943, every person who, in connection with a purchase of hides, kips or calfskins by a tanner, has rendered a brokerage service for compensation, shall submit to the Office of Price Administration, Washington, D. C., a copy of each invoice or similar document furnished in connection with each purchase. Such copy shall be mailed to the Office of Price Administration, Washington, D. C. contemporaneously with its transmission to the tanner.

(c) *Statements by tanners.* In the event that the hides, kips or calfskins delivered to the tanner differ in any material respect from the description thereof contained in the invoice or similar document furnished by the seller and/or by the broker, the tanner shall transmit to the Office of Price Administration, Washington, D. C. on the same day the inspection of the hides, kips or calfskins is made, a statement setting forth such difference and identifying the shipment, the seller and the broker, if any.

(d) *Other reports.* Every person making a purchase or sale of hides, kips or calfskins in the course of trade or business, or acting as a broker in connection therewith, shall submit such reports to the Office of Price Administration as it may, from time to time, require.

5. Section 1314.8a is added to read as follows:

§ 1314.8a *Licensing*—(a) *License required.* A license as a condition of selling is hereby required of every seller subject to this schedule now or hereafter selling any hides, kips, calfskins or brokerage services, for which maximum prices are established by this schedule. No person whose license is suspended by proceedings under section 205 (f) (2) of the Emergency Price Control Act of 1942 shall, during the period of suspension, sell any commodity or service as to which his license to sell is suspended. The order of suspension entered in such proceedings may suspend the licensee's right to sell all the aforementioned commodities and services.

(b) *License granted.* Every seller subject to this schedule now or hereafter selling any hides, kips, calfskins or brokerage services for which maximum prices are established by this schedule is hereby granted a license as a condition of selling any such hides, kips, calfskins or brokerage services. The provisions of this schedule shall be deemed to be incorporated in the license hereby granted, and any violation of any provision so incorporated shall be a violation of the provisions of said license. Such license shall be effective on August 26, 1943, or when any person becomes subject to the maximum price provisions of this schedule and shall, unless suspended as provided by the Emergency Price Control Act of 1942, continue in force so long as and to the extent that the schedule or any amendment or supplement thereto remains in force.

6. Section 1314.10 (j) is amended to read as follows:

(j) The term "shipping point" means the point from which the hides, kips or

calfskins are shipped to the purchaser and shall include the point from which the seller, who has consolidated them into carload lots, ships them to the purchaser; in the case of transportation by rail, it means the point at which they are loaded on the railroad car.

7. Section 1314.11 is amended to read as follows:

§ 1314.11 *Appendix A: Maximum prices for domestic hides.* (a) A slaughterer must elect to make his sales of hides either on the basis provided in paragraph (b) of this section for sales of hides of packer classifications, or on the basis provided in paragraph (c) of this section for sales of hides of other than packer classifications, and having made that election, may not change without written authorization from the Office of Price Administration. Applications for such authorization should be addressed to the Office of Price Administration, Washington, D. C. and should set forth the reasons for requesting permission to make the change.

(b) *Packer classifications*—(1) *Packer classifications sold on a selected basis.*[6]

TABLE I—STANDARD PRESENT TRIM AND DELIVERY, INCLUDING A TARE ALLOWANCE OF NOT LESS THAN 2%

[Price per lb., f. o. b. shipping point]

	No. 1's	No. 2's	No. 3's
Native steers, heavy and light	$0.15½	$0.14½	$0.10
Native steers, extreme light (23 to 48 pounds)	.15½	.14½	.10
Heavy native cows (53 pounds and up)	.15½	.14½	.10
Light native cows (less than 53 pounds)	.15½	.14½	.10
Butt branded steers	.14½	.13½	.10
Texas steers, heavy and light	.14½	.13½	.10
Texas steers, extreme light (23 to 48 pounds)	.15	.14	.10
Colorado steers	.14	.13	.10
Branded cows	.14½	.13½	.10
Native bulls	.12	.11	.08
Branded bulls	.11	.10	.0733

TABLE II—OPTIONAL MAXIMUM PRICES

The maximum prices set forth in Table II may be used in lieu of those set forth in Table I by packers producing standard packer selections, so long as each of the selections for classes and weights set forth below is cured in a separate pack:

STANDARD PRESENT TRIM, TARE ALLOWANCE AND DELIVERY

[Price per lb., f. o. b. shipping point]

	No. 1's	No. 2's	No. 3's
Heavy native steers (58 pounds and up)	$0.15½	$0.14½	$0.10
Light and extreme light native steers (under 58 pounds)	.15½	.14½	.10
Heavy branded steers, butt and side branded (58 pounds and up)	.14½	.13½	.10
Light and extreme light branded steers (under 58 pounds)	.14½	.13½	.10
Heavy native cows (53 or 55 pounds [1] and up)	.15½	.14½	.10
Light native cows (under 53 or 55 pounds [1])	.15½	.14½	.10
Branded cows (all weights [2])	.14½	.13½	.10
Native bulls (all weights)	.12	.11	.08
Branded bulls (all weights)	.11	.10	.0733

[1] Optional with the seller.
[2] Or divided into 53 or 55 pounds and up and under 53 or 55 pounds.

[6] Paragraphs (b) and (c) of 1314.11, Appendix A, do not apply to hides originating in the Pacific Coast.

(2) *Hides not meeting established standards.* Packer classifications of hides which fail to meet established standards of trim, tare allowance or delivery shall be sold at a price at least 1¢ per pound less than the applicable maximum price set forth in paragraph (b) (1) of this section.

(3) *Packer classifications sold on an unselected basis.* The maximum prices for packer classifications of hides sold on an unselected basis, i. e., flat for No. 1's and No. 2's, shall be the applicable maximum prices for No. 2's set forth in paragraph (b) (1) above.

(4) *Maximum prices for quantity sales of No. 3's.* The maximum price for No. 3 steer and cow hides sold in lots of at least 20,000 pounds (which may include No. 3 kips), shall be 13¢ per pound.

(c) *Other than packer classifications.*[7] (1)

[Price per lb., f. o. b. shipping point]

	Flat for No. 1's and No. 2's		No. 3's	
	Trimmed	Untrimmed [1]	Trimmed	Untrimmed [1]
Free of brand steers and cows including free of brand bulls up to 58 pounds	$0.15	$0.14	$0.10	$0.09
Branded steers and cows, including branded bulls up to 58 pounds	.14	.13	.10	.09
Free of brand bulls	.11½	.10½	.0766	.07
Branded bulls	.10½	.09½	.07	.0633

[1] The term "untrimmed" as applied to hides, means hides without the standard head and tail trim prevailing on hides of packer classifications, in which the ears, ear butt fat and gristles, ox-lip, snouts and lower lips are trimmed off in the green state before salting and in which the tails are cut off to not more than eight inches in length.

(2) *Maximum prices for quantity sales of No. 3's.* The maximum price for No. 3 steer and cow hides (including bulls up to 58 pounds), whether branded or free of brand, when sold in lots of at least 20,000 pounds (which may include No. 3 kips), shall be 13¢ per pound trimmed and 12¢ per pound untrimmed.

(3) *Tare allowance.* A tare allowance of not less than 2% shall be allowed on all sales of hides of other than packer classifications.

(d) *Pacific Coast hides.* (1)

[Price per lb., f. o. b. shipping point]

	Flat for No. 1's and No. 2's		No. 3's	
	Trimmed	Untrimmed [1]	Trimmed	Untrimmed [1]
Native and branded steers and cows	$0.13½	$0.12½	$0.108	$0.10
Native and branded bulls	.10	.09	.08	.072

[1] See *supra*, footnote 1, Other than packer classifications.

(2) *Tare allowance.* A tare allowance of not less than two pounds per hide shall be allowed on all sales of Pacific Coast hides.

(e) *Hides or skins sold in mixed lots.* When hides, kips or calfskins are sold in lots containing more than one type or grade, the maximum price for the lot shall be the maximum price for that type or grade of hide, kip or calfskin included in the lot which has the lowest maximum price, unless each type and grade is: (1) individually marked or physically separated so as to be easily identifiable, (2) separately priced in the invoice and (3) the quantity thereof is determined by actual inspection.

(f) *Green or partially cured hides.* The maximum prices for green or partially cured hides shall be the maximum prices set forth above: *Provided,* That the maximum prices for green or partially cured hides sold to tanners, or for their account, or to persons who have hides tanned on contract (i. e., others than dealers buying and selling untrimmed hides for their own account) shall be the maximum prices set forth above reduced by 20%.

(g) *Sales of bull hides at retail.* The maximum price for retail sales of bull hides shall be the applicable maximum price set forth in Appendix A hereof plus two cents per pound. The term "retail sales" means sales through a regularly maintained retail establishment to the ultimate consumer: *Provided,* That no tanner or other processor of hides for resale shall be deemed to be an ultimate consumer.

(h) *Grub allowance.* On all hides sold on a selected basis which, but for the presence of grubs, would be selected as No. 1's, a grub allowance of 1¢ per pound shall be made for each hide having five or more grubs or grub holes.

8. Section 1314.12 is amended to read as follows:

§ 1314.12 *Appendix B: Maximum prices for domestic kips and calfskins.* (a) A slaughterer selling under paragraph (b) must elect to make his sales of kips either on a selected basis in accordance with the classifications as set forth in paragraphs (b) (1), (2) and (3) of this section, or on an unselected basis as provided in paragraph (b) (7) of this section, and having made that election may not change without written authorization from the Office of Price Administration. Applications for such authorization should be addressed to the Office of Price Administration, Washington, D. C. and should set forth the reason for requesting permission to make the change.

(b) (1) *Packer calf and kipskins sold on a selected basis.*

No. 1 Selection, standard present trim, tare allowance and delivery

	Price per lb. f. o. b. shipping point
Chicago packer heavy northern (9½–15 lb.)	$0.27
Chicago packer lights (less than 9½ lb.)	.23½
Packer kips No. 1 northern native (15–30 lb.)	.20
Branded kips (30 lb. and down)	.17½
Slunks, regular	[1] 1.10
Slunks, hairless	[1] .55

[1] Each, flat for No. 1's and No. 2's.

Tare allowance for packer calf and kipskins. A tare allowance of not less than one-half pound per skin for packer

[7] *Supra*, footnote 6.

calf (except slunks) and three-fourths pound per skin for packer kip shall be allowed on all sales of packer calf and kipskins.

(2) *Chicago city calf and kipskins sold on a selected basis.*

No. 1 Selection, Standard Present Trim, Tare Allowance and Delivery

	Price per lb., f. o. b. shipping point
Chicago City (10 to 15 lb.)	$0.23
Chicago City (8 to 10 lb.)	.20½
Chicago City native kips (15 to 30 lb.)	.18
Chicago City branded kips (30 lb. and down)	.17
	Price per skin, f. o. b. shipping point
Chicago City (less than 8 lb.)	$1.43

Tare allowance for Chicago City calf and kipskins. A tare allowance of not less than one-half pound per skin for Chicago city calf (except slunks) and three-fourths pound per skin for Chicago city kip shall be allowed on all sales of Chicago city calf and kipskins.

(3) *New York City packer and collector calf and kipskins sold on a selected basis.*

No. 1 Selection, New York City Trim—Standard Tare Allowance and Delivery

	Price per skin, f. o. b. shipping point
New York packer (3 to 4 lb.)	$1.25
New York packer (4 to 5 lb.)	1.40
New York packer (5 to 7 lb.)	1.80
New York packer (7 to 9 lb.)	2.80
New York packer (9 to 12 lb.)	3.80
New York packer (12 to 17 lb.)	4.20
New York packer (17 lb. or more)	4.60
New York collector (3 to 4 lb.)	1.15
New York collector (4 to 5 lb.)	1.30
New York collector (5 to 7 lb.)	1.65
New York collector (7 to 9 lb.)	2.60
New York collector (9 to 12 lb.)	3.55
New York collector (12 to 17 lb.)	3.95
New York collector (17 lb. or more)	4.35

(4) *Calf and kipskins not meeting established standards.* Calf and kipskins of the classifications set forth above which fail to meet established standards of trim, tare allowance or delivery for the type or grade sold, shall be sold at a price at least 2¢ per pound, or when sold on a per skin basis, at least 20¢ per skin, less than the applicable maximum price set forth above.

(5) *Maximum prices for No. 2's and 3's.* The maximum price for No. 2 calf and kipskins of the classifications set forth above shall be the maximum price for each such classification, reduced by 10%. The maximum price for No. 3 calf and kipskins of the classifications set forth above shall be the maximum price for each such classification, reduced by 33⅓%.

(6) *Maximum prices for skins not New York City trimmed.* The maximum prices for calf and kipskins, other than Pacific Coast skins, which are not New York City trimmed, shall be the maximum prices established by this schedule for Packer Calf and Kipskins, Chicago City Calf and Kipskins, or Country Calf and Kipskins, whichever are applicable.

(7) *Maximum prices for skins sold on an unselected basis.* (i) The maximum prices for calfskins of the classifications set forth above sold on an unselected basis, i. e., flat for No. 1's and No. 2's, shall be the applicable maximum price for No. 2's.

(ii) The maximum prices for kipskins of the classifications set forth above sold on an unselected basis, i. e., flat for No. 1's and No. 2's, shall be the applicable maximum prices for each such classification less 1¢ per pound.

(iii) When the quantity of No. 2's in any lot of skins sold is not determined by actual inspection or is based upon the buyer's or the seller's estimate thereof, the maximum price for the lot shall be the maximum price established by this schedule for skins sold on an unselected basis.

(c) *Country calf and kipskins.* (1)

	Price per lb. f. o. b. shipping point
Country calf (10 lb. and down)	[1] $0.16
Country calf (10 to 15 lb.)	[1] .18
Country kips (15 to 30 lb.)	[1] .16

[1] Flat for No. 1's and No. 2's.

(2) *No. 3 skins.* The maximum prices for No. 3 country calf and kipskins shall be the maximum prices set forth in the table above, reduced by 33⅓%.

(3) *Tare allowance.* A tare allowance of not less than 2% shall be allowed on all sales of country calf and kipskins.

(d) *Pacific Coast calf and kipskins.*[8] (1) The prices set forth below are maximum prices for Pacific Coast calf and kipskins on an unselected basis, i. e., flat for No. 1's and No. 2's. Such prices are for standard delivery with a tare allowance of not less than 2%.

	Price per lb., f. o. b. shipping point
Pacific coast kips (15 to 29 pounds)	$0.19¼
Pacific coast New York City trimmed kips (15 pounds or more)	.21
Pacific coast trimmed calf (6 to 13 pounds)	.26
Pacific coast trimmed calf (13 to 15 pounds)	.23½
	Price per skin, f. o. b. shipping point
Pacific coast calf (less than 6 pounds)	$1.25
Pacific coast slunks, regular	1.00
Pacific coast slunks, hairless	.50

(2) *Calf and kipskins not meeting established standards.* Pacific Coast calf and kipskins which fail to meet established standards of trim, tare allowance or delivery shall be sold at a price at least 1¢ per pound less than the applicable maximum price set forth above.

(3) *No. 3 skins.* The maximum price for No. 3 Pacific Coast calf and kipskins shall be the applicable maximum price set forth above, reduced by 20%.

(e) *Hides or skins sold in mixed lots.* When hides, kips or calfskins are sold in lots containing more than one type or grade, the maximum price for the lot shall be the maximum price for that type or grade of hide, kip or calfskin included in the lot which has the lowest maximum price, unless each type and grade is: (1) individually marked or physically separated so as to be easily identifiable, (2) separately priced in the invoice and (3) the quantity thereof is determined by actual inspection.

(f) *Green or partially cured kips and calfskins.* The maximum prices for green or partially cured kips or calfskins shall be the maximum prices set forth above: *Provided*, That the maximum prices for green or partially cured kips or calfskins sold to tanners, or for their account, or to persons who have kips or calfskins tanned on contract (i. e., others than dealers buying and selling untrimmed kips or calfskins for their own account) shall be the maximum prices set forth above reduced by 15%: *Provided further*, That where the buyer's agent or employee takes off the skin, the applicable maximum price shall be reduced by not less than 20¢ per skin.

(g) *Grub allowance.* For all kips sold on a selected basis which, but for the presence of grubs would be selected as No. 1's, the maximum price of each kip having 5 or more grubs or grub holes shall be the applicable maximum price for No. 2's.

(h) *Maximum gross weights for kips.* In order to be classified as kipskins, the gross weight at the tannery shall not exceed the following:

	Per skin (pounds)
Packer and city kip	30.75
Country	30.6
Pacific Coast kip	29.58

(i) *Charges for concentration.* Any slaughterer operating two or more plants, other than an employer of contract slaughterers, who, pursuant to a specific request made by the War Production Board, assembles skins (including slunks) at a concentration point, which must be one of his own plants and must be approved by the Office of Price Administration, may add to the price set forth in this schedule the freight, based on carload rates, from the other plants to the point of concentration, plus handling charges not in excess of 10¢ per hundredweight, *Provided*, That such lots are kept separate or marked so that they can be identified at the concentration point and each lot is shown as a separate item on the invoice or similar document at the time of shipment from the concentration point.

9. Section 1314.13 is added to read as follows:

[8] The maximum price of any calfskin originating in the Pacific coast, but not Pacific coast trimmed, shall not exceed 80% of the maximum price set forth above for Pacific coast trimmed calf of corresponding weight except that (a) in the case of skins weighing less than six pounds, the maximum price of $1.25 per skin shall apply to both trimmed and untrimmed skins, and (b) New York City trimmed calfskins originating in the Pacific coast weighing 15 pounds or less may be sold by the skin at prices not exceeding the maximum prices established above for New York collector skins.

§ 1314.13 *Appendix C: Table of maximum allowable shrinkage*

Invoice Net Weight	Number of days in transit [1]																				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21 and over
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
999 lbs. and under	1.03	1.14	1.24	1.34	1.45	1.55	1.65	1.76	1.86	1.96	2.07	2.17	2.27	2.38	2.48	2.38	2.69	2.79	2.89	3.00	3.10
1,000–1,999	1.04	1.14	1.24	1.35	1.45	1.56	1.66	1.76	1.87	1.97	2.07	2.18	2.28	2.39	2.49	2.59	2.70	2.80	2.90	3.01	3.11
2,000–2,999	1.04	1.15	1.25	1.35	1.46	1.56	1.67	1.77	1.87	1.98	2.08	2.19	2.29	2.40	2.50	2.60	2.71	2.81	2.92	3.02	3.12
3,000–3,999	1.05	1.15	1.26	1.36	1.46	1.57	1.67	1.78	1.88	1.99	2.09	2.20	2.30	2.41	2.51	2.62	2.72	2.82	2.93	3.03	3.14
4,000–4,999	1.05	1.16	1.26	1.37	1.47	1.58	1.68	1.79	1.89	2.00	2.10	2.21	2.31	2.42	2.52	2.63	2.73	2.84	2.94	3.05	3.15
5,000–5,999	1.05	1.16	1.27	1.37	1.48	1.58	1.69	1.79	1.90	2.00	2.11	2.22	2.32	2.43	2.53	2.64	2.74	2.85	2.95	3.06	3.16
6,000–6,999	1.06	1.17	1.27	1.38	1.48	1.59	1.69	1.80	1.91	2.01	2.12	2.22	2.33	2.44	2.54	2.65	2.75	2.86	2.97	3.07	3.18
7,000–7,999	1.06	1.17	1.28	1.38	1.49	1.60	1.70	1.81	1.91	2.02	2.13	2.23	2.34	2.45	2.55	2.66	2.77	2.87	2.98	3.09	3.19
8,000–8,999	1.07	1.18	1.28	1.39	1.50	1.60	1.71	1.82	1.92	2.03	2.14	2.24	2.35	2.46	2.56	2.67	2.78	2.88	2.99	3.10	3.21
9,000–9,999	1.07	1.18	1.29	1.39	1.50	1.61	1.72	1.82	1.93	2.04	2.15	2.25	2.36	2.47	2.58	2.68	2.79	2.90	3.00	3.11	3.22
10,000–10,999	1.08	1.19	1.29	1.40	1.51	1.62	1.72	1.83	1.94	2.05	2.16	2.26	2.37	2.48	2.59	2.69	2.80	2.91	3.02	3.12	3.23
11,000–11,999	1.08	1.19	1.30	1.41	1.52	1.62	1.73	1.84	1.95	2.06	2.16	2.27	2.38	2.49	2.60	2.71	2.81	2.92	3.03	3.14	3.25
12,000–12,999	1.09	1.20	1.30	1.41	1.52	1.63	1.74	1.85	1.96	2.07	2.17	2.28	2.39	2.50	2.61	2.72	2.83	2.93	3.04	3.15	3.26
13,000–13,999	1.09	1.20	1.31	1.42	1.53	1.64	1.75	1.86	1.97	2.07	2.18	2.29	2.40	2.51	2.62	2.73	2.84	2.95	3.06	3.17	3.28
14,000–14,999	1.10	1.21	1.32	1.43	1.54	1.64	1.75	1.86	1.97	2.08	2.19	2.30	2.41	2.52	2.63	2.74	2.85	2.96	3.07	3.18	3.29
15,000–15,999	1.10	1.21	1.32	1.43	1.54	1.65	1.76	1.87	1.98	2.09	2.20	2.31	2.42	2.53	2.64	2.75	2.86	2.97	3.08	3.19	3.30
16,000–16,999	1.11	1.22	1.33	1.44	1.55	1.66	1.77	1.88	1.99	2.10	2.21	2.32	2.43	2.54	2.65	2.77	2.88	2.99	3.10	3.21	3.32
17,000–17,999	1.11	1.22	1.33	1.44	1.56	1.67	1.78	1.89	2.00	2.11	2.22	2.33	2.44	2.56	2.67	2.78	2.89	3.00	3.11	3.22	3.33
18,000–18,999	1.12	1.23	1.34	1.45	1.56	1.67	1.79	1.90	2.01	2.12	2.23	2.34	2.46	2.57	2.68	2.79	2.90	3.01	3.12	3.24	3.35
19,000–19,999	1.12	1.23	1.35	1.46	1.57	1.68	1.79	1.91	2.02	2.13	2.24	2.35	2.47	2.58	2.69	2.80	2.91	3.03	3.14	3.25	3.36
20,000–20,999	1.13	1.24	1.35	1.46	1.58	1.69	1.80	1.91	2.03	2.14	2.25	2.36	2.48	2.59	2.70	2.82	2.93	3.04	3.15	3.27	3.38
21,000–21,999	1.13	1.24	1.36	1.47	1.58	1.70	1.81	1.92	2.04	2.15	2.26	2.38	2.49	2.60	2.71	2.83	2.94	3.05	3.17	3.28	3.39
22,000–22,999	1.14	1.25	1.36	1.48	1.59	1.70	1.82	1.93	2.05	2.16	2.27	2.39	2.50	2.61	2.73	2.84	2.95	3.07	3.18	3.30	3.41
23,000–23,999	1.14	1.26	1.37	1.48	1.60	1.71	1.83	1.94	2.05	2.17	2.28	2.40	2.51	2.63	2.74	2.85	2.97	3.08	3.20	3.31	3.42
24,000–24,999	1.15	1.26	1.38	1.49	1.61	1.72	1.83	1.95	2.06	2.18	2.29	2.41	2.52	2.64	2.75	2.87	2.98	3.10	3.21	3.33	3.44
25,000–25,999	1.15	1.27	1.38	1.50	1.61	1.73	1.84	1.96	2.07	2.19	2.30	2.42	2.53	2.65	2.76	2.88	3.00	3.11	3.23	3.34	3.46
26,000–26,999	1.16	1.27	1.39	1.50	1.62	1.74	1.85	1.97	2.08	2.20	2.31	2.43	2.55	2.66	2.78	2.89	3.01	3.12	3.24	3.36	3.47
27,000–27,999	1.16	1.28	1.40	1.51	1.63	1.74	1.86	1.98	2.09	2.21	2.33	2.44	2.56	2.67	2.79	2.91	3.02	3.14	3.26	3.37	3.49
28,000–28,999	1.17	1.29	1.40	1.52	1.64	1.75	1.87	1.99	2.10	2.22	2.34	2.45	2.57	2.69	2.80	2.92	3.04	3.15	3.27	3.39	3.50
29,000–29,999	1.17	1.29	1.41	1.53	1.64	1.76	1.88	2.00	2.11	2.23	2.35	2.46	2.58	2.70	2.82	2.93	3.05	3.17	3.29	3.40	3.52
30,000–30,999	1.18	1.30	1.42	1.53	1.65	1.77	1.89	2.00	2.12	2.24	2.36	2.48	2.59	2.71	2.83	2.95	3.07	3.18	3.30	3.42	3.54
31,000–31,999	1.18	1.30	1.42	1.54	1.66	1.78	1.90	2.01	2.13	2.25	2.37	2.49	2.61	2.73	2.84	2.96	3.08	3.20	3.32	3.44	3.55
32,000–32,999	1.19	1.31	1.43	1.55	1.67	1.79	1.90	2.02	2.14	2.26	2.38	2.50	2.62	2.74	2.86	2.98	3.10	3.21	3.33	3.45	3.57
33,000–33,999	1.20	1.32	1.44	1.56	1.67	1.79	1.91	2.03	2.15	2.27	2.39	2.51	2.63	2.75	2.87	2.99	3.11	3.23	3.35	3.47	3.59
34,000–34,999	1.20	1.32	1.44	1.56	1.68	1.80	1.92	2.04	2.16	2.28	2.40	2.52	2.64	2.76	2.88	3.00	3.12	3.25	3.37	3.49	3.61
35,000–35,999	1.21	1.33	1.45	1.57	1.69	1.81	1.93	2.05	2.17	2.29	2.42	2.54	2.66	2.78	2.90	3.02	3.14	3.26	3.38	3.50	3.62
36,000–36,999	1.21	1.33	1.46	1.58	1.70	1.82	1.94	2.06	2.18	2.31	2.43	2.55	2.67	2.79	2.91	3.03	3.16	3.28	3.40	3.52	3.64
37,000–37,999	1.22	1.34	1.46	1.59	1.71	1.83	1.95	2.07	2.20	2.32	2.44	2.56	2.68	2.80	2.93	3.05	3.17	3.29	3.41	3.54	3.66
38,000–38,999	1.23	1.35	1.47	1.59	1.72	1.84	1.96	2.08	2.21	2.33	2.45	2.57	2.70	2.82	2.94	3.06	3.19	3.31	3.43	3.55	3.68
39,000–39,999	1.23	1.35	1.48	1.60	1.72	1.85	1.97	2.09	2.22	2.34	2.46	2.59	2.71	2.83	2.96	3.08	3.21	3.33	3.45	3.57	3.69
40,000–40,999	1.24	1.36	1.49	1.61	1.73	1.86	1.98	2.10	2.23	2.35	2.48	2.60	2.72	2.85	2.97	3.09	3.22	3.34	3.47	3.59	3.71
41,000–41,999	1.24	1.37	1.49	1.62	1.74	1.87	1.99	2.11	2.24	2.36	2.49	2.61	2.74	2.86	2.99	3.11	3.23	3.36	3.48	3.61	3.73
42,000–42,999	1.25	1.38	1.50	1.63	1.75	1.88	2.00	2.13	2.25	2.38	2.50	2.63	2.75	2.88	3.00	3.13	3.25	3.38	3.50	3.63	3.75
43,000–43,999	1.26	1.38	1.51	1.63	1.76	1.88	2.01	2.14	2.26	2.39	2.51	2.64	2.76	2.89	3.02	3.14	3.27	3.39	3.52	3.64	3.77
44,000–44,999	1.26	1.39	1.52	1.64	1.77	1.89	2.02	2.15	2.27	2.40	2.53	2.65	2.78	2.90	3.03	3.16	3.28	3.41	3.54	3.66	3.79
45,000–45,999	1.27	1.40	1.52	1.65	1.78	1.90	2.03	2.16	2.28	2.41	2.54	2.66	2.79	2.92	3.05	3.17	3.30	3.43	3.55	3.68	3.81
46,000–46,999	1.28	1.40	1.53	1.66	1.79	1.91	2.04	2.17	2.30	2.42	2.55	2.68	2.81	2.93	3.06	3.19	3.32	3.44	3.57	3.70	3.83
47,000–47,999	1.28	1.41	1.54	1.67	1.79	1.92	2.05	2.18	2.31	2.44	2.56	2.69	2.82	2.95	3.08	3.21	3.33	3.46	3.59	3.72	3.85
48,000–48,999	1.29	1.42	1.55	1.68	1.80	1.93	2.06	2.19	2.32	2.45	2.58	2.71	2.84	2.96	3.09	3.22	3.35	3.48	3.61	3.74	3.87
49,000–49,999	1.30	1.42	1.55	1.68	1.81	1.94	2.07	2.20	2.33	2.46	2.59	2.72	2.85	2.98	3.11	3.24	3.37	3.50	3.63	3.76	3.89
50,000–50,999	1.30	1.43	1.56	1.69	1.82	1.95	2.08	2.21	2.34	2.47	2.60	2.73	2.86	2.99	3.12	3.26	3.39	3.52	3.65	3.78	3.91
51,000–51,999	1.31	1.44	1.57	1.70	1.83	1.96	2.09	2.23	2.36	2.49	2.62	2.75	2.88	3.01	3.14	3.27	3.40	3.53	3.66	3.80	3.93
52,000–52,999	1.32	1.45	1.58	1.71	1.84	1.97	2.11	2.24	2.37	2.50	2.63	2.76	2.89	3.03	3.16	3.29	3.42	3.55	3.68	3.82	3.95
53,000–53,999	1.32	1.46	1.59	1.72	1.85	1.98	2.12	2.25	2.38	2.51	2.65	2.78	2.91	3.04	3.17	3.31	3.44	3.57	3.70	3.84	3.97
54,000–54,999	1.33	1.46	1.60	1.73	1.86	1.99	2.13	2.26	2.39	2.53	2.66	2.79	2.93	3.06	3.19	3.32	3.46	3.59	3.72	3.86	3.99
55,000–55,999	1.34	1.47	1.60	1.74	1.87	2.01	2.14	2.27	2.41	2.54	2.67	2.81	2.94	3.07	3.21	3.34	3.48	3.61	3.74	3.88	4.01
56,000–56,999	1.34	1.48	1.61	1.75	1.88	2.02	2.15	2.28	2.42	2.55	2.69	2.82	2.96	3.09	3.23	3.36	3.49	3.63	3.76	3.90	4.03
57,000–57,999	1.35	1.49	1.62	1.76	1.89	2.03	2.16	2.30	2.43	2.57	2.70	2.84	2.97	3.11	3.24	3.38	3.51	3.65	3.78	3.92	4.05
58,000–58,999	1.36	1.49	1.63	1.77	1.90	2.04	2.17	2.31	2.45	2.58	2.72	2.85	2.99	3.12	3.26	3.40	3.53	3.67	3.80	3.94	4.08
59,000–59,999	1.37	1.50	1.64	1.78	1.91	2.05	2.19	2.32	2.46	2.60	2.73	2.87	3.01	3.14	3.28	3.42	3.55	3.69	3.83	3.96	4.10
60,000–60,999	1.37	1.51	1.65	1.79	1.92	2.06	2.20	2.34	2.47	2.61	2.75	2.88	3.02	3.16	3.30	3.43	3.57	3.71	3.85	3.98	4.12
61,000–61,999	1.38	1.52	1.66	1.80	1.93	2.07	2.21	2.35	2.49	2.62	2.76	2.90	3.04	3.18	3.31	3.45	3.59	3.73	3.87	4.01	4.14
62,000–62,999	1.39	1.53	1.67	1.81	1.94	2.08	2.22	2.36	2.50	2.64	2.78	2.92	3.06	3.19	3.33	3.47	3.61	3.75	3.89	4.03	4.17
63,000–63,999	1.40	1.54	1.68	1.82	1.96	2.09	2.23	2.37	2.51	2.65	2.79	2.93	3.07	3.21	3.35	3.49	3.63	3.77	3.91	4.05	4.19
64,000–64,999	1.40	1.54	1.69	1.83	1.97	2.11	2.25	2.39	2.53	2.67	2.81	2.95	3.09	3.23	3.37	3.51	3.65	3.79	3.93	4.07	4.21
65,000–65,999	1.41	1.55	1.69	1.84	1.98	2.12	2.26	2.40	2.54	2.68	2.82	2.97	3.11	3.25	3.39	3.53	3.67	3.81	3.95	4.10	4.24
66,000–66,999	1.42	1.56	1.70	1.85	1.99	2.13	2.27	2.41	2.56	2.70	2.84	2.98	3.12	3.27	3.41	3.55	3.69	3.84	3.98	4.12	4.26
67,000–67,999	1.43	1.57	1.71	1.86	2.00	2.14	2.29	2.43	2.57	2.71	2.86	3.00	3.14	3.29	3.43	3.57	3.71	3.86	4.00	4.14	4.29
68,000–68,999	1.44	1.58	1.72	1.87	2.01	2.16	2.30	2.44	2.59	2.73	2.87	3.02	3.16	3.30	3.45	3.59	3.74	3.88	4.02	4.17	4.31
69,000–69,999	1.45	1.59	1.73	1.88	2.02	2.17	2.31	2.46	2.60	2.75	2.89	3.03	3.18	3.32	3.47	3.61	3.76	3.90	4.05	4.19	4.34
70,000–70,999	1.45	1.60	1.74	1.89	2.03	2.18	2.33	2.47	2.62	2.76	2.91	3.05	3.20	3.34	3.49	3.63	3.78	3.92	4.07	4.22	4.36
71,000–71,999	1.46	1.61	1.75	1.90	2.05	2.19	2.34	2.49	2.63	2.78	2.92	3.07	3.22	3.36	3.51	3.65	3.80	3.95	4.09	4.24	4.39
72,000–72,999	1.47	1.62	1.76	1.91	2.06	2.21	2.35	2.50	2.65	2.79	2.94	3.09	3.24	3.38	3.53	3.68	3.82	3.97	4.12	4.26	4.41
73,000–73,999	1.48	1.63	1.78	1.92	2.07	2.22	2.37	2.51	2.66	2.81	2.96	3.11	3.25	3.40	3.55	3.70	3.85	3.99	4.14	4.29	4.44
74,000–74,999	1.49	1.64	1.79	1.93	2.08	2.23	2.38	2.53	2.68	2.83	2.98	3.12	3.27	3.42	3.57	3.72	3.87	4.02	4.17	4.32	4.46
75,000–75,999	1.50	1.65	1.80	1.95	2.10	2.25	2.40	2.54	2.69	2.84	2.99	3.14	3.29	3.44	3.59	3.74	3.89	4.04	4.19	4.34	4.49
76,000–76,999	1.51	1.66	1.81	1.96	2.11	2.26	2.41	2.56	2.71	2.86	3.01	3.16	3.31	3.46	3.61	3.77	3.92	4.07	4.22	4.37	4.52
77,000–77,999	1.52	1.67	1.82	1.97	2.12	2.27	2.42	2.58	2.73	2.88	3.03	3.18	3.33	3.48	3.64	3.79	3.94	4.09	4.24	4.39	4.55
78,000–78,999	1.52	1.68	1.83	1.98	2.13	2.29	2.44	2.59	2.74	2.90	3.05	3.20	3.35	3.51	3.66	3.81	3.96	4.12	4.27	4.42	4.57
79,000–79,999	1.53	1.69	1.84	1.99	2.15	2.30	2.45	2.61	2.76	2.91	3.07	3.22	3.37	3.53	3.68	3.83	3.99	4.14	4.29	4.45	4.60
80,000–80,999	1.54	1.70	1.85	2.01	2.16	2.31	2.47	2.62	2.78	2.93	3.09	3.24	3.40	3.55	3.70	3.86	4.01	4.17	4.32	4.48	4.63
81,000–81,999	1.55	1.71	1.86	2.02	2.17	2.33	2.48	2.64	2.80	2.95	3.11	3.26	3.42	3.57	3.73	3.88	4.04	4.19	4.35	4.50	4.66
82,000–82,999	1.56	1.72	1.88	2.03	2.19	2.34	2.50	2.66	2.81	2.97	3.13	3.28	3.44	3.59	3.75	3.91	4.06	4.22	4.38	4.53	4.69
83,000–83,999	1.57	1.73	1.89	2.04	2.20	2.36	2.52	2.67	2.83	2.99	3.14	3.30	3.46	3.62	3.77	3.93	4.09	4.25	4.40	4.56	4.72
84,000–84,999	1.58	1.74	1.90	2.06	2.22	2.37	2.53	2.69	2.85	3.01	3.16	3.32	3.48	3.64	3.80	3.96	4.11	4.27	4.43	4.59	4.75
85,000–85,999	1.59	1.75	1.91	2.07	2.23	2.39	2.55	2.71	2.87	3.03	3.18	3.34	3.50	3.66	3.82	3.98	4.14	4.30	4.46	4.62	4.78
86,000–86,999	1.60	1.76	1.92	2.08	2.24	2.40	2.56	2.72	2.88	3.04	3.21	3.37	3.53	3.69	3.85	4.01	4.17	4.33	4.49	4.65	4.81
87,000–87,999	1.61	1.77	1.94	2.10	2.26	2.42	2.58	2.74	2.90	3.06	3.23	3.39	3.55	3.71	3.87	4.03	4.19	4.35	4.52	4.68	4.84
88,000–88,999	1.62	1.79	1.95	2.11	2.27	2.44	2.60	2.76	2.92	3.08	3.25	3.41	3.57	3.73	3.90	4.06	4.22	4.38	4.55	4.71	4.87
89,000–89,999	1.63	1.80	1.96	2.12	2.29	2.45	2.61	2.78	2.94	3.10	3.27	3.43	3.59	3.76	3.92	4.08	4.25	4.41	4.58	4.74	4.90
90,000–90,999	1.64	1.81	1.97	2.14	2.30	2.47	2.63	2.80	2.96	3.12	3.29	3.45	3.62	3.78	3.95	4.11	4.28	4.44	4.61	4.77	4.93
91,000–91,999	1.66	1.82	1.99	2.15	2.32	2.48	2.65	2.81	2.98	3.15	3.31	3.48	3.64	3.81	3.97	4.14	4.30	4.47	4.64	4.80	4.97
92,000–92,999	1.67	1.83	2.00	2.17	2.33	2.50	2.67	2.83	3.00	3.17	3.33	3.50	3.67	3.83	4.00	4.17	4.33	4.50	4.67	4.83	5.00
93,000–93,999	1.68	1.85	2.01	2.18	2.35	2.52	2.68	2.85	3.02	3.19	3.36	3.52	3.69	3.86	4.03	4.19	4.36	4.53	4.70	4.87	5.03
94,000–94,999	1.69	1.86	2.03	2.20	2.36	2.53	2.70	2.87	3.04	3.21	3.38	3.55	3.72	3.89	4.05	4.22	4.39	4.56	4.73	4.90	5.07
95,000–95,999	1.70	1.87	2.04	2.21	2.38	2.55	2.72	2.89	3.06	3.23	3.40	3.57	3.74	3.91	4.08	4.25	4.42	4.59	4.76	4.93	5.10
96,000–96,999	1.71	1.88	2.05	2.23	2.40	2.57	2.74	2.91	3.08	3.25	3.42	3.60	3.77	3.94	4.11	4.28	4.45	4.62	4.79	4.97	5.14
97,000–97,999	1.72	1.90	2.07	2.24	2.41	2.59	2.76	2.93	3.10	3.28	3.45	3.62	3.79	3.97	4.14	4.31	4.48	4.66	4.83	5.00	5.17
98,000–98,999	1.74	1.91	2.08	2.26	2.43	2.60	2.78	2.95	3.12	3.30	3.47	3.65	3.82	3.99	4.17	4.34	4.51	4.69	4.86	5.03	5.21
99,000–99,999	1.75	1.92	2.10	2.27	2.45	2.62	2.80	2.97	3.15	3.32	3.50	3.67	3.85	4.02	4.20	4.37	4.55	4.72	4.90	5.07	5.24
100,000 lbs. and over	1.76	1.94	2.11	2.29	2.46	2.64	2.82	2.99	3.17	3.35	3.52	3.70	3.87	4.05	4.23	4.40	4.58	4.75	4.93	5.11	5.28

[1] The number of days in transit is the number of days between the bill of lading date and the date of inspection at the tannery.

This amendment shall become effective August 26, 1943.

NOTE: The reporting provisions of this amendment have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(56 Stat. 23, 765; Pub. Law 151, 78th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13641; Filed, August 20, 1943; 4:38 p. m.]

PART 1371—IMPORT PRICES

[Maximum Import Price Regulation]

IMPORT PRICES

Revised Supplementary Regulation No. 12, as amended,[1] is redesignated as the Maximum Import Price Regulation and is amended to read as set forth herein. Any reference to Supplementary Regulation No. 12[2] or to Revised Supplementary Regulation No. 12 in any price regulation heretofore issued by the Office of Price Administration shall hereafter be deemed to be to the Maximum Import Price Regulation.

A statement of the considerations involved in the issuance of this regulation has been issued and filed with the Division of the Federal Register.*

§ 1371.1 *Maximum import prices.* Under the authority vested in the Price Administrator by the Emergency Price Control Act of 1942, as amended, and Executive Orders Nos. 9250 and 9328, the Maximum Import Price Regulation which is annexed hereto and made a part hereof, is hereby issued.

AUTHORITY: § 1371.1 issued under Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681.

MAXIMUM IMPORT PRICE REGULATION

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5. Applications for adjustment of maximum prices by industrial users.
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7. Sales of domestic manufactured goods made with imported industrial materials.

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8. Sales of imported manufactured goods.
9. Definitions relating to sales of imported and domestic manufactured goods.

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10. Other sales of imported commodities.

ARTICLE VI—GENERAL PROVISIONS

11. Less than maximum prices.
12. Failure to file reports.
13. Evasion.
14. Enforcement.
15. Definitions incorporated by reference.
16. Report to be made by importer of industrial materials.
17. Report to be made by intermediate distributor of industrial materials.

NOTE: Certain words and terms used in this regulation are particularly defined in sections 6 and 9 and have the meaning for the purposes of this regulation contained in those definitions. The terms so defined are in quotation marks the first time they appear in the text of this regulation.

Article I—Application of This Regulation

SECTION 1. *Application of this regulation.* This regulation applies to all sales of "imported industrial materials," "imported manufactured goods" (except beverages, foods and food products, animal and poultry foods or feeds), other imported commodities (except lumber and wood shingles produced in and imported from Canada or Mexico) and certain domestic manufactured goods made with imported industrial materials which, but for this regulation, would be subject to the General Maximum Price Regulation[3] or to any section of Revised Supplementary Regulation No. 14[4] which does not fix dollars-and-cents ceiling prices.

SEC. 2. *Purchases from foreign sellers excepted from this and other price regulations.* Neither this regulation nor any other price regulation (unless it contains express provision governing such purchases) shall apply to the purchase of any commodity to be imported into the continental United States by any person who deals directly with a foreign seller whose place of business is located outside the continental United States or with his selling agent wherever located.

Article II—Imported Industrial Materials

SEC. 3. *Sales of imported industrial materials by importers to intermediate distributors or industrial users.* The maximum price for sales or deliveries of any industrial materials "imported" after March 31, 1942, by an "importer," other than the United States or any agency thereof, to an "intermediate distributor" or an "industrial user" shall be determined as follows:

(a) If the importer delivered or offered for delivery during March, 1942, the same or "similar" materials imported by him, his maximum price shall be the sum of his maximum price established under the General Maximum Price Regulation plus the permitted increase in the "total landed costs" of the imported materials over the total landed costs of the same or similar materials upon which his maximum price under the General Maximum Price Regulation was based.

(b) If the importer did not deliver or offer for delivery during March, 1942, the same or similar materials imported by him but has, prior to the date of issuance of this regulation, established a maximum price for such materials under the General Maximum Price Regulation, (exclusive of a higher price established under Revised Supplementary Regulation No. 12) he may sell at a price not in excess of that maximum price or he may before making any sale apply to the Office of Export-Import Price Control, Office of Price Administration, Washington, D. C., for a revision of that maximum price by submitting to that Office a statement containing the following information:

(1) A description of the materials.

(2) Whether he delivered or offered for delivery during March, 1942, the same or similar imported materials imported by him.

(3) His maximum price, if any, to each class of purchaser and the method by which it was established.

(4) The proposed selling price to each class of purchaser.

(5) The type of purchaser—whether intermediate distributor or industrial user.

(6) The permitted total landed costs of the imported materials, itemizing the "foreign invoice price," transportation charges, any import duties and taxes, marine insurance, war risk insurance (not exceeding WSA rate), and any other expenses from the point of shipment abroad to the point designated by the importer prior to importation for delivery in the continental United States.

(7) The processing, if any, to be done by him.

(8) The cost of such processing.

No importer applying for a revised price under this paragraph shall accept payment in an amount in excess of the maximum price established under the General Maximum Price Regulation (exclusive of the higher prices established under Revised Supplementary Regulation No. 12) for any imported industrial materials for which the importer seeks a revised price until the Office of Price Administration either approves the proposed selling price or if, in its opinion, the proposed selling price is excessive, adjusts such price.

(c) If the importer had not established a maximum price under the General Maximum Price Regulation (exclusive of the higher price established under Revised Supplementary Regulation No. 12) prior to the date of issuance of this regulation for the same or similar materials imported by him he shall, before making any sale, submit to the Office of Export-Import Price Control, Office of Price Administration,

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*Copies may be obtained from the Office of Price Administration.

[1] 7 F.R. 10532, 8 F.R. 611, 2035.

[2] 7 F.R. 4661.

[3] 8 F.R. 3096, 3849, 4347, 4486, 4724, 4978, 4848, 6047, 6962, 8511, 9025.

[4] 8 F.R. 9787, 9880, 10432, 10566, 10433, 10668, 10731, 10759, 10763, 10939, 10674, 10984, 10758, 11174, 11182.

Washington, D. C., a statement containing the information set forth in paragraph (b) of this section.

The proposed selling price shall be subject to approval or adjustment by the Office of Price Administration.

An importer may accept payment for materials for which a proposed selling price is submitted under this paragraph subject to final settlement in accordance with the price approved by the Office of Price Administration under this paragraph.

(d) An importer who has established a maximum price for imported industrial materials under paragraph (b) or (c) of this section shall adjust that price on sales of future importations of the same or similar materials in accordance with decreases in the total landed costs; and may adjust that price on sales of future importations of the same or similar materials, in accordance with increases in the total landed costs.

(e) In calculating total landed costs under this section: (1) if the importer has purchased from, or placed an order with, any foreign seller for the same or similar materials since March, 1942, and prior to the date of the issuance of this regulation, he may not include any increase in the foreign invoice price occurring after the date of issuance of this regulation; (2) if the importer has not purchased from, or placed an order with, any foreign seller for the same or similar materials since March, 1942, he may not include any increase in the foreign invoice price occurring after his first purchase following the date of issuance of this regulation.

(f) Any importer who sells or delivers imported industrial materials to an intermediate distributor at a higher price established under this section shall include on his invoice to the buyer:

(1) A statement to the effect that the sale or delivery is made at a price established under Section 3 of the Maximum Import Price Regulation issued by the Office of Price Administration; and

(2) If the importer calculated his price under paragraph (a) of this section, a statement of the amount he added to his March, 1942 maximum selling price; or

(3) If the importer's price has been submitted to the Office of Price Administration pursuant to paragraph (b) or (c) of this section, a statement to the effect that the price charged either has been approved or is subject to approval or adjustment by the Office of Price Administration; or

(4) If the importer calculated his price under paragraph (d) of this section, a statement to the effect that his price is based upon a price approved by the Office of Price Administration.

Where the price charged is subject to approval or adjustment, the importer shall immediately notify the intermediate distributor in writing of the price subsequently approved.

(g) Any importer who sells or delivers imported industrial materials to an industrial user at a higher price established under this section shall include the following statement on his invoice:

> The prices on this invoice are higher than those permitted under the General Maximum Price Regulation. However, you may not increase your maximum selling price for any article produced with the use of these imported industrial materials unless authorized by the Office of Price Administration.

The importer shall also indicate on the invoice the paragraph of section 3 of the Maximum Import Price Regulation under which each invoiced item has been priced.

If the importer's price has been submitted to the Office of Price Administration pursuant to paragraph (b) or (c) of this section, the importer shall also include on his invoice a statement to the effect that the price charged either has been approved or is subject to approval or adjustment by the Office of Price Administration.

If the importer calculated his price under paragraph (d) of this section, he shall also include a statement in his invoice to the effect that his price is based upon a price approved by the Office of Price Administration.

Where the price charged is subject to approval or adjustment, the importer shall immediately notify his customer in writing of the price subsequently approved.

(h) Within 10 days after the first delivery by an importer to an intermediate distributor or industrial user or within 10 days after the approval or adjustment by the Office of Price Administration of a price submitted pursuant to paragraph (b) or (c) of this section, whichever is later, the importer shall forward to the Office of Export-Import Price Control, Office of Price Administration, Washington, D. C., a report, in duplicate, of the first sale to each intermediate distributor or industrial user made at a price established under this section. These reports shall be made upon Form OPA–SR–12A set out in section 16 of this regulation, or upon a form copied therefrom. Copies of this form may be obtained from the Office of Export-Import Price Control, Office of Price Administration, Washington, D. C.

If the importer's total landed costs should decrease, or if his selling price should be raised by reason of increases in the total landed costs, the importer shall file supplemental reports on this form. These supplemental reports shall be filed in duplicate within 10 days after the first delivery, affected by such change in the total landed costs, to each intermediate distributor or industrial user.

(i) Whenever any importer who sells imported industrial materials directly to industrial users finds that the filing of individual reports required in Paragraph (h) of this section for the first sale would place an undue burden upon him, he may apply in writing to the Office of Export-Import Price Control, Office of Price Administration, Washington, D. C., for permission to file consolidated reports. If such permission is granted, the importer will be instructed what information to include in the consolidated report.

(j) Whenever an importer who sells imported industrial materials to an intermediate distributor finds that Form OPA–SR–12A is not adaptable for the report required in paragraph (h) of this section, he may apply in writing to the Office of Export-Import Price Control, Office of Price Administration, Washington, D. C., for permission to file special reports, indicating in what respect the form is unsuitable. If such permission is granted, the importer will be instructed what information to include in the special report.

SEC. 4. *Sales of imported industrial materials by intermediate distributors to industrial users.* The maximum prices for sales or deliveries of imported industrial materials by an intermediate distributor, other than the United States or any agency thereof to an industrial user shall be determined as follows:

(a) If the intermediate distributor delivered or offered for delivery the same or similar materials during March, 1942, his maximum price shall be his maximum price established under the General Maximum Price Regulation plus the increase in his purchase price over the purchase price of the same or similar materials upon which his maximum price under the General Maximum Price Regulation was based.

However, no intermediate distributor shall establish a price under this paragraph if the importer's invoice states that the price charged by the importer is subject to approval or adjustment by the Office of Price Administration, until the intermediate distributor receives notice from the importer of the price approved by the Office of Price Administration.

(b) If the intermediate distributor did not deliver or offer for delivery the same or similar industrial materials during March, 1942, but has prior to the date of issuance of this regulation established a maximum price for such materials under the General Maximum Price Regulation (exclusive of the higher prices permitted under Revised Supplementary Regulation No. 12) he may sell at a price not in excess of that maximum price or he may, before making any sale, apply to the Office of Export-Import Price Control, Office of Price Administration, Washington, D. C., for a revision of that maximum price by submitting to that Office a statement containing the following information:

(1) A description of the materials.

(2) Whether he delivered or offered for delivery the same or similar imported materials during March, 1942.

(3) His maximum price to industrial users, if any, and the method by which it was established.

(4) His proposed selling price to each class of industrial user.

(5) The price paid or to be paid by him and the terms of purchase.

(6) The processing, if any, to be done by him.

(7) The cost of such processing.

(8) The processing to be done by his customer and the article to be produced as a result of such processing.

(c) If the intermediate distributor had not established a maximum price under the General Maximum Price Regulation (exclusive of the higher price established under Revised Supplementary Regulation No. 12) prior to the date of issuance of this Regulation for the same or similar materials, he shall before making any sale, submit to the Office of Export-Import Price Control, Office of Price Administration, Washington, D. C., a statement containing the information set forth in paragraph (b) of this section.

The proposed selling price shall be subject to approval or adjustment by the Office of Price Administration.

An intermediate distributor may accept payment for materials for which a proposed selling price is submitted under paragraph (b) or (c) of this section subject to final settlement in accordance with the price approved by the Office of Price Administration under this paragraph.

(d) An intermediate distributor who has established a maximum price under paragraphs (b) and (c) of this section shall adjust that price on sales of the same or similar materials purchased thereafter in accordance with decreases in his purchase price and he may adjust that price on sales of the same or similar materials purchased thereafter in accordance with increases in his purchase price.

(e) Each intermediate distributor who sells at the higher price established under this section shall include on his invoice to the industrial user the following statement:

> The prices on this invoice are higher than those permitted under the General Maximum Price Regulation. However, you may not increase your maximum selling price for any article produced by you with the use of these materials unless authorized by the Office of Price Administration.

The intermediate distributor shall indicate on the invoice the paragraph of section 4 of the Maximum Import Price Regulation under which the invoiced item has been priced.

If the intermediate distributor's price has been submitted to the Office of Price Administration pursuant to paragraph (b) or (c) of this section, the intermediate distributor shall also include on his invoice a statement to the effect that the price charged either has been approved or is subject to approval or adjustment by the Office of Price Administration.

Where the price charged is subject to approval or adjustment, the intermediate distributor shall immediately notify the industrial user in writing of the price subsequently approved.

(f) Within ten days after the first delivery by an intermediate distributor to an industrial user, or within ten days after approval or adjustment by the Office of Price Administration of a price submitted pursuant to paragraphs (b) or (c) of this section, whichever is later, the intermediate distributor shall forward to the Office of Export-Import Price Control, Office of Price Administration, Washington, D. C., a report, in duplicate, of the first sale to each industrial user made at a price established under this section. These reports shall be made upon Form OPA–SR–12B, set out in section 17 of this regulation, or upon a form copied therefrom. Copies of this form may be obtained from the Office of Export-Import Price Control, Office of Price Administration, Washington, D. C.

If the intermediate distributor's purchase price should decrease, or if his selling price should be raised by reason of increases in his purchase price, he shall file supplemental reports on this form. These supplemental reports shall be filed in duplicate within ten days after the first delivery affected by such change in the intermediate distributor's purchase price.

(g) If an intermediate distributor finds that the filing of individual reports required in paragraph (f) of this section for each sale would place an undue burden upon him, he may apply in writing to the Office of Export-Import Price Control, Office of Price Administration, Washington, D. C., for permission to file consolidated reports. If such permission is granted the intermediate distributor will be instructed as to what information to include in the consolidated report.

SEC. 5. *Applications for adjustment of maximum prices by industrial users.* (a) If the imported industrial materials used by an industrial user in the production of an article have increased in cost to him so substantially since March, 1942 (or, if he made no purchase during March, 1942, since his first purchase thereafter) that he cannot continue to use those materials in the production of that article or to continue to produce the article, he may file an application for adjustment of his maximum price for the article. The application must show:

(1) That the article he produces with the use of the imported industrial materials is subject to this regulation.

(2) A brief description of the article he produces.

(3) That the imported industrial materials represent a substantial portion of the total cost of the component materials of the article he produces. (State the percentage.)

(4) The current cost per unit of the imported industrial materials and the increase in that cost per unit over their cost to him during March, 1942 or if he made no purchase during March, 1942, on his first purchase thereafter. This cost must be supported by a copy of the invoice, if any, for his latest purchase, and the latest price quotation, if any, from his principal supplier.

(5) His total cost of production per unit for the article he produces with the use of the imported industrial materials, indicating the cost of direct labor and materials, including waste, but less the salvage value of that waste, and applicable factory overhead.

NOTE: For the purposes of this paragraph an industrial user may not include the cost of imported industrial materials which he has imported as a part of his materials cost in an amount in excess of the total landed costs permitted under paragraph (e) of section 3.

(6) His annual profit and loss statements for each of the three calendar or fiscal years ending nearest to the date of the application.

(7) His maximum selling price per unit for that article and the terms of sale to each class of purchaser.

(8) His dollars-and-cents markup per unit to each class of purchaser for that article during March, 1942, or if he made no sale during March, 1942, on his first sale thereafter.

(9) His proposed selling price and terms of sale to each class of purchaser.

(10) A statement of the reasons why, if the adjustment is not granted, he cannot continue to use the imported industrial materials in the article he produces or to continue to produce that article.

The Price Administrator may grant an adjustment under this section in an amount not to exceed the additional total cost of the imported industrial materials permitted under this regulation.

The Price Administrator may deny the petition for adjustment if, in his opinion, the granting of it will interfere with the production or distribution, or will endanger the price control, of comparable articles made of domestic materials.

Any application for an adjustment under this paragraph shall be filed in accordance with Subpart B of Revised Procedural Regulation No. 1.[5]

(b) If an industrial user purchases for use as a material, ingredient, or component part of an article he produces, an article which another industrial user has produced with the use of imported industrial materials, (or with the use of an article made of such materials), he may apply for an adjustment in the maximum price of the article he produces by filing an application complying with the provisions of paragraph (a) of this section. However, wherever the term "imported industrial materials" is used in paragraph (a), the applicant for adjustment under this paragraph (b) shall treat the term as referring to the article purchased by him which was produced by another industrial user with the use of imported industrial materials, (or with the use of an article made of such materials).

The Price Administrator may grant an adjustment to such industrial user in an amount not to exceed the difference in the cost of the article he purchased during March, 1942, or if he made no purchase during March, 1942, the cost of his first purchase thereafter, and the cost represented by the current price to him approved by the Office of Price Administration.

The Price Administrator may deny the petition for adjustment if, in his opinion, the granting of it will interfere with the production or distribution, or will endanger the price control of comparable articles made of domestic materials.

Any application for adjustment under this paragraph shall be filed in accordance with Subpart B of Revised Procedural Regulation No. 1.

[5] 7 F.R. 8961, 8 F.R. 3313, 3533, 6173.

SEC. 6. *Definitions relating to sales of imported industrial materials.* When used in sections 3, 4, and 5 of this regulation, the term:

"Foreign invoice price" means the price charged by the foreign seller minus any charges included in such price for transportation, marine insurance, war risk insurance, export taxes, customs duties, import taxes, or any other expenses from the point of shipment abroad to the point of delivery in the continental United States.

"Imported" means materials transported into the continental United States from any place outside thereof. Materials entered in a foreign trade zone or a customs bonded warehouse shall be considered as "imported."

"Imported industrial materials" means any commodity which is to be subjected to further processing after importation that results in the production of a new and different article having a distinctive name, character, or use, or which is to be used as an ingredient or component part of such an article.

"Importer" means the ultimate consignee in the continental United States of any imported industrial materials which he sells either to an intermediate distributor or an industrial user.

"Industrial user" means any person who, either for his own use or for resale, subjects imported industrial materials to a process that results in the production of a new and different article having a distinctive name, character, or use, or who uses the materials as an ingredient or a component part of such an article. A restaurant, hotel, or other similar establishment where food or beverages are served shall not be considered an "industrial user."

"Intermediate distributor" means any person who in accordance with established trade practice buys or receives imported industrial materials directly from the importer thereof and who sells or delivers such materials to an industrial user.

"Similar" means any imported industrial materials that have the same use as other imported industrial materials; that afford the purchaser fairly equivalent serviceability; and that belong to a type which would ordinarily be sold in the same price line.

"Total landed costs" means the price charged by the foreign seller plus all the costs, charges, and expenses, including any customs duties or import taxes, and purchasing commissions incurred by the importer in transporting the industrial materials from the point of shipment abroad to the point in the continental United States designated by the importer prior to importation for delivery: *Provided,* (1) That the price charged by the foreign seller shall be, for the purposes of determining total landed costs, subject to the limitations of section 3 (e), above; (2) That in computing these costs, war risk insurance costs for industrial materials shipped after the effective date of this regulation shall not exceed the amount of the applicable direct voyage war risk insurance premium which was or would have been charged for such shipment by the War Shipping Administration; (3) That cable charges, banking costs, and other general overhead costs, and charges incurred in storing imported industrial materials in a foreign trade zone, a customs bonded warehouse, or a public warehouse in the continental United States for any period in excess of sixty days shall not be included.

Article III—Domestic Manufactured Goods Made With Imported Industrial Materials

SEC. 7. *Sales of domestic manufactured goods made with imported industrial materials.* The maximum price for sales or deliveries of domestic manufactured goods made in whole or in part with imported industrial materials for which an adjustment in price has been granted by the Office of Price Administration under section 5 of this regulation shall be determined by the "primary wholesaler", "the secondary wholesaler" or "retailer" of such goods as follows:

(a) If, prior to the date of issuance of this regulation, the seller had established a maximum price under the General Maximum Price Regulation for the same or similar "domestic manufactured goods made with imported industrial materials" he shall determine his maximum price for such goods in accordance with paragraph (c) of section 8 of this regulation.

(b) If, prior to the date of issuance of this regulation, the seller had not established a maximum price under the General Maximum Price Regulation for the same or similar domestic manufactured goods made with imported industrial materials he shall proceed in accordance with paragraph (d) of section 8 of this regulation.

(c) Any person who has established a maximum price under paragraph (b) of this section shall adjust that price on future purchases of the same or similar domestic manufactured goods made with imported industrial materials in accordance with decreases in the net cost of the goods to him; and may adjust that price on sales of the same or similar domestic manufactured goods made with imported industrial materials in accordance with increases in their net cost.

(d) A primary or secondary wholesaler who sells or delivers at a price established under this section shall include the following statement on his invoice to his customer:

> The invoiced domestic manufactured goods made with imported industrial materials are sold to you at a price established under section 7 of the Maximum Import Price Regulation. Your own maximum resale price shall be determined under that section.

Article IV—Imported Manufactured Goods

SEC. 8. *Sales of imported manufactured goods.* The maximum price for sales or deliveries of manufactured goods imported after March 31, 1942, by a seller (other than the United States or any agency thereof), whether an importer, a primary or secondary wholesaler or a retailer, shall be determined as follows:

(a) If the importer delivered or offered for delivery during March, 1942 the same or similar "imported manufactured goods" imported by him, or had established a maximum price for those goods under the General Maximum Price Regulation prior to the date of issuance of this Regulation, his maximum price shall be the sum of his current permitted total landed costs for those goods plus the same dollars-and-cents markup, or 75 per cent of the percentage markup included in his highest selling or offering price during March, 1942, or if he made no sale or offer during March, 1942, the same dollars-and-cents markup or 75 per cent of the percentage markup included in the price for his first sale thereafter.

(b) In calculating total landed costs under this section: (1) if the importer had purchased from, or placed an order with, a foreign seller for the same or similar goods prior to April 30, 1943, he may not include any increase in the foreign invoice price occurring after that date; (2) if the importer had not purchased from, or placed an order with, a foreign seller for the same or similar goods prior to April 30, 1943, he may not include any increase in the foreign invoice price occurring after his first purchase after that date.

(c) If the primary wholesaler, secondary wholesaler, or retailer delivered or offered for delivery during March, 1942 the same or similar imported manufactured goods, or had established a maximum price for those goods under the General Maximum Price Regulation prior to the date of issuance of this regulation, his maximum price shall be the sum of his current purchase price for those goods plus the same dollars-and-cents markup, or 75 per cent of the percentage markup, included in his highest selling or offering price during March, 1942, or if he made no sale or offer during March, 1942, the same dollars-and-cents markup or 75 per cent of the percentage markup included in the price for his first sale thereafter.

(d) If the importer, primary or secondary wholesaler, or retailer had not established a maximum price under the General Maximum Price Regulation prior to the date of issuance of this Regulation, for the same or similar imported manufactured goods, he shall, before making any sale, submit to the Office of Export-Import Price Control, Office of Price Administration, Washington, D. C., a statement containing the following information:

(1) A description of the article to be sold.

(2) Whether he established a maximum price under the General Maximum Price Regulation prior to the date of issuance of this regulation.

(3) His classification under the definitions in section 9 of this regulation.

(4) The classification of his customer under that section.

(5) The classification of his supplier under that section.

(6) The current net cost of the article.

(7) His proposed selling price and terms of sale.

(8) The usual percentage markup in the trade during March, 1942 for that kind of article when sold to a purchaser of the same class as his customer.

The proposed selling price shall be subject to approval or adjustment by the Office of Price Administration.

A person who submits a selling price for approval under this paragraph may accept payment for imported manufactured goods subject to final settlement in accordance with the price approved by the Office of Price Administration under this paragraph.

(e) Any person who has established a maximum price for imported manufactured goods under paragraph (d) of this section shall adjust that price on future purchases of the same or similar imported manufactured goods in accordance with decreases in the net cost of the goods to him; and may adjust that price on sales of the same or similar imported manufactured goods, in accordance with increases in their net cost.

(f) Any person, other than a retailer or an importer selling at retail, who sells or delivers imported manufactured goods at a price established under this section shall include the following statement on his invoice to his customer:

The invoiced imported manufactured goods are sold to you at a price established under Section 8 of the Maximum Import Price Regulation issued by the Office of Price Administration. Your own maximum resale price shall be determined under that section.

SEC. 9. *Definitions relating to sales of imported and domestic manufactured goods.* When used in sections 7 and 8 of this regulation, the term:

"Domestic manufactured goods made with imported industrial materials" means any articles which have been processed or manufactured in the continental United States wholly or in part with the use of imported industrial materials to such an extent that they require no further processing which results in the production of a new and different article having a distinctive name, character, or use.

"Foreign invoice price" means the price charged by the foreign seller minus any charges included in such price for transportation, marine insurance, war risk insurance, export taxes, customs duties, import taxes, or any other expenses from the point of shipment abroad to the point of delivery in the continental United States.

"Imported" means goods transported into the continental United States from any place outside thereof. Goods entered in a foreign trade zone or a customs bonded warehouse shall be considered as "imported."

"Imported manufactured goods" means any imported articles which have been processed or manufactured prior to importation to such an extent that they require no further processing after importation that results in the production of a new and different article having a distinctive name, character, or use, and which are not used as an ingredient or component part of such an article.

Goods which are subjected to a minor process after importation, such as watch movements which are to be cased, napkins or handkerchiefs which are to be hemmed, shall be considered "imported manufactured goods."

"Importer" means any person who is the ultimate consignee in the United States of imported manufactured goods which he sells or delivers to a primary wholesaler, a retailer, or an ultimate consumer.

"Primary wholesaler" means any person who performs a recognized distributive function by purchasing manufactured goods directly from either the importer or the domestic manufacturer thereof, and who sells or delivers them to a secondary wholesaler or a retailer in accordance with established trade practices.

"Retailer" means any person who buys or receives manufactured goods from the importer, the domestic manufacturer, a primary wholesaler, or a secondary wholesaler and who sells them to an ultimate consumer.

"Secondary wholesaler" means any person who performs a recognized distributive function by purchasing manufactured goods from a primary wholesaler and who sells or delivers them to a retailer in accordance with established trade practices.

"Similar" means any imported or domestically manufactured goods that have the same use as other manufactured goods; that afford the purchaser fairly equivalent serviceability; and that belong to a type which would ordinarily be sold in the same price line. In determining the similarity of such commodities, differences in style or design which do not substantially affect use, or serviceability, or the price line in which such commodities would ordinarily have been sold, shall not be taken into account.

"Total landed costs" means the price charged by the foreign seller plus all costs, charges, and expenses, including any customs duties or import taxes, and purchasing commission incurred by the importer in transporting the goods from the point of shipment abroad to the point in the continental United States designated by the importer prior to importation for delivery: *Provided*, (1) That the price charged by the foreign seller shall be, for the purposes of determining total landed costs, subject to the limitations of section 8 (b), above; (2) That in computing these costs, war risk insurance costs on manufactured goods shipped after the effective date of this regulation shall not exceed the amount of the applicable direct voyage war risk insurance premium which was or would have been charged for such shipment by the War Shipping Administration; (3) That cable charges, banking costs, and other general overhead costs, and charges incurred in storing imported manufactured goods in a foreign trade zone, a customs bonded warehouse, or a public warehouse in the continental United States for any period in excess of sixty days shall not be included.

"Ultimate consumer" means any person who buys manufactured goods for his own use. Any person who buys such goods for use in his business or profession and who does not resell them to any other person shall be considered an ultimate consumer.

Article V—Other Sales of Imported Commodities

SEC. 10. *Other sales of imported commodities.* Any purchase, sale, or delivery of imported commodities not provided for in this regulation shall be subject to the provisions of the General Maximum Price Regulation unless expressly covered by a specific maximum price regulation or by a supplementary regulation to the General Maximum Price Regulation setting out dollars-and-cents prices for imported commodities.

Article VI—General Provisions

SEC. 11. *Less than maximum prices.* Lower prices than those permitted under this regulation may be charged, offered, demanded, or paid.

SEC. 12. *Failure to file reports.* The failure of an importer or an intermediate distributor to file a report of a sale made pursuant to sections 3 and 4, respectively, of this regulation, shall constitute a violation of this regulation and of the Emergency Price Control Act of 1942, as amended.

SEC. 13. *Evasion.* No seller shall evade any of the provisions of this Maximum Import Price Regulation by changing his customary allowances, discounts or other price differentials, or by any other means.

SEC. 14. *Enforcement.* Any person violating any provision of this regulation is subject to the criminal penalties, civil enforcement actions, license suspension provisions, and suits for treble damages provided for by the Emergency Price Control Act of 1942, as amended. It shall be a violation to submit to the Price Administrator or to the Office of Export-Import Price Control information required under any provisions of this regulation which is false in any material respect.

SEC. 15. *Definitions incorporated by reference.* Unless the context otherwise requires, the definitions set forth in the General Maximum Price Regulation shall apply to any word or term not specifically defined in this regulation.

SEC. 16. *Report to be made by importer of industrial materials.*

Form OPA–SR–12A

Form approved
Budget Bureau
No. 08–R120–42

UNITED STATES OF AMERICA

OFFICE OF PRICE ADMINISTRATION

2 copies of
this report
must be filed

REPORT OF SALE OF IMPORTED INDUSTRIAL MATERIALS BY AN IMPORTER TO AN INTERMEDIATE DISTRIBUTOR OR INDUSTRIAL USER

Pursuant to section 3 of the Maximum Import Price Regulation

1. Name of importer (print or type).
2. Address—Number and street.
   City and state.

3. Description of commodity.
4. Date of importation.
5. Date of first delivery to buyer under reported sale.
6. Name of buyer.
7. Address of buyer—Number and street. City and state.
8. Class of buyer:
Intermediate distributor ☐
Industrial user ☐
9. Processing, if any, to be done by importer.
10. Processing, if any, to be done by buyer if an intermediate distributor.
11. Article to be produced by buyer if an industrial user.
12. Total quantity sold.
13. Quantity of first delivery.
14. Price per unit $_____ Per (unit).
15. Terms of sale.
16. Total landed costs per unit of commodity sold (use same unit for (a) through (h), as item 14):
(a) Foreign invoice price permitted under section 3 (e)_____ $_____
(b) Transportation charge from _____ to_____ _____
(c) Marine insurance_____ _____
(d) War risk insurance paid____ _____
(e) War risk insurance at War Shipping Administration rate_____ $_____
(f) Duties and import taxes, if any_____ _____
(g) Other landing expenses (itemize)_____ _____
(h) Total landed costs per unit__ _____
17. Did you deliver or offer for delivery the same commodity in March, 1942?_____Yes _____
No _____
If "No", disregard Items 19 and 21, but indicate here (or on the back of this form) how you determined your maximum price under the General Maximum Price Regulation.
18. Maximum price per unit to which you would have been limited under the General Maximum Price Regulation, if the Maximum Import Price Regulation were not in effect:
$_____ Per (unit)_____
19. Total landed cost per unit of the same commodity upon which maximum price under the General Maximum Price Regulation was established (Use same unit for (a) through (g), as in Item 14):
(a) Foreign invoice price_____ $_____
(b) Transportation charge from _____ to_____ _____
(c) Marine insurance_____ _____
(d) War risk insurance paid_____ $_____
(e) Duties and import taxes paid if any_____ _____
(f) Other landing expenses (itemize)_____ _____
(g) Total landed cost per unit____ _____
20. Difference between Items 14 and 18_____ _____
21. Difference between Items 16 and 19_____ _____
Name of person signing this report (print or type)

Title, Date, Signature.

The signature is not required to be acknowledged before a notary public. Pursuant to section 205 (b) of the Emergency Price Control Act of 1942 it is a criminal offense punishable by a fine of not more than $5,000, or by imprisonment for not more than one year, or both, to make any statement or entry in the above report which is false in any material respect.

SEC. 17. *Report to be made by intermediate distributor of industrial materials.*

Form OPA-SR-12B — Form approved Budget Bureau No. 08-R120-42

UNITED STATES OF AMERICA

OFFICE OF PRICE ADMINISTRATION

2 copies of this report must be filed

REPORT OF SALE OF IMPORTED INDUSTRIAL MATERIALS BY AN INTERMEDIATE DISTRIBUTOR TO AN INDUSTRIAL USER

Pursuant to section 4 of the Maximum Import Price Regulation

1. Name of intermediate distributor (please print or type).
2. Address—Number and Street. City and State.
3. Description of commodity.
4. Name of importer from whom purchased.
5. Address—Number and Street; City and State.
6. Name of industrial user to whom sold.
7. Address—Number and Street; City and State.
8. Date of first delivery to industrial user under sale reported here.
9. Processing, if any, done by intermediate distributor before sale to industrial user.
10. Article to be produced by industrial user.
11. Total quantity sold.
12. Quantity of first delivery to industrial user.
13. Price per unit to industrial user: $_____ Per (Unit).
14. Terms of sale.
15. Maximum price per unit under the General Maximum Price Regulation to which you would have been limited were it not for the Maximum Import Price Regulation:
$_____ Per (Unit)_____
16. Price per unit paid to importer: $_____ Per (Unit)_____
17. Amount of increase in total landed costs per unit included on the importer's invoice: $_____ Per (Unit)_____
18. Difference between Item 13 and Item 15: $_____
Name of person signing this report (print or type); Signature.
Title; Date.
This signature is not required to be acknowledged before a Notary Public. Pursuant to section 205 (b) of the Emergency Price Control Act of 1942 it is a criminal offense punishable by a fine of not more than $5,000, or by imprisonment for not more than one year, or both, to make any statement or entry in the above report which is false in any material respect.

Effective date. This regulation shall become effective August 23, 1943.

NOTE: The reporting and record-keeping requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13638; Filed, August 20, 1943; 3:17 p. m.]

PART 1412—SOLVENTS

[MPR 37,[1] Amdt. 8]

BUTYL ALCOHOL AND ESTERS THEREOF

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Maximum Price Regulation No. 37 is amended in the following respects:

1. Section 1412.116 (a) (1) (ii) (c) is added to read as follows:

(c) Where a producer wishes to compute his average cost by a method which conforms substantially to one of the two methods described above but which differs therefrom only in some slight manner, he may do so provided he submits his proposed method of computation to the Office of Price Administration, Washington, D. C., for approval, and agrees that he will continue using that method having once elected it.

2. In § 1412.116 (a) (1) (iv), the word "two" in the last sentence thereof is deleted.

This amendment shall become effective as of July 1, 1943.

(Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681; Pub. Law 151, 78th Cong.)

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13646; Filed, August 20, 1943; 4:39 p. m.]

PART 1364—FRESH, CURED AND CANNED MEAT AND FISH PRODUCTS

[MPR 439,[2] Amdt. 2]

FRESH FISH AND SEAFOOD AT RETAIL

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Section 8 is amended to read as follows:

SEC. 8. *Where this regulation applies.* The provisions of this regulation shall apply to the forty-eight states of the United States and the District of Columbia and, notwithstanding the provisions of Maximum Price Regulation 194, to the Territory of Alaska.

This amendment shall become effective August 20, 1943.

(Pub. Laws 421 and 729, 77th Cong.; and Pub. Law 151, 78th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13644; Filed, August 20, 1943; 4:39 p. m.]

* Copies may be obtained from the Office of Price Administration.

[1] 7 F.R. 6657, 7001, 7910, 8941, 8948; 8 F.R. 6046, 8874, 9884, 10672.

[2] 8 F.R. 10267, 10732.

PART 1315—RUBBER AND PRODUCTS AND MATERIALS OF WHICH RUBBER IS A COMPONENT

[MPR 200,[1] Amdt. 12]

RUBBER HEELS, RUBBER HEELS ATTACHED, AND THE ATTACHING OF RUBBER HEELS

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Section 1315.1410 (b) is amended by substituting the date October 5, 1943, for the date August 5, 1943.

This amendment shall become effective August 20, 1943.

(Pub. Laws 421 and 729, 77th Cong.; Pub. Law 151, 78th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13642; Filed, August 20, 1943; 4:38 p. m.]

PART 1364—FRESH, CURED AND CANNED MEAT AND FISH PRODUCTS

[MPR 418,[2] Amdt. 5]

FRESH FISH AND SEAFOOD

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Maximum Price Regulation No. 418 is amended in the following respects:

1. A new paragraph (c) is added to section 2 to read as follows:

(c) *Regional adjustments of producers' prices.* Any regional office of the Office of Price Administration may by order modify the maximum price established by Table A for any species and style of dressing wherever, and to the extent that, it determines such modification to be necessary to prevent the avoidance of the prices established by Table A or to prevent disruption of the customary methods of landing and selling fish: *Provided,* That the prices as thus modified shall be in line with the prices established by Table A for the particular species, making allowance for the differences in the method by which, or the place at which, the fish are removed from the vessel or delivered to the buyer. No modification may be issued which would require an increase in the prices established by any other table or by any other regulation. Such modification shall apply to sales at such areas or localities within the jurisdiction of the regional office as it may determine. No order of modification shall be issued until it shall have been submitted to the Office of Price Administration in Washington and approved. If the price is modified for any species which is customarily landed in any other region, the order of modification shall not be submitted to Washington until it has been submitted to the regional office for such other region.

2. Footnote 5 to Table A, section 20, is amended to read as follows:

[5] The maximum prices listed for this species of fish apply when it is delivered ex-vessel Neah Bay, Washington, Fishing Grounds of Juan de Fuca Strait, Puget Sound and all other waters in or adjoining the state of Washington except the Columbia River.

3. Footnote 8 to Table A, section 20, is amended to read as follows:

[8] The maximum prices listed for this species of fish apply only when it is caught in bays, streams and rivers and adjoining waters in Oregon and California other than the Columbia and Sacramento Rivers.

This amendment shall become effective August 20, 1943.

(56 Stat. 23, 765; Pub. Law 151; 78th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13643; Filed, August 20, 1943; 4:37 p. m.]

PART 1394—RATIONING OF FUEL AND FUEL PRODUCTS

[RO 11,[1] Amdt. 75]

FUEL OIL RATIONING REGULATIONS

A rationale for this amendment has been issued simultaneously herewith and has been filed with the Division of the Federal Register.*

Ration Order No. 11 is amended in the following respects:

1. Section 1394.5402 (e) is amended by adding after the period at the end of the paragraph the sentence, "No deduction, however, shall be made for fuel oil on hand representing inventory reserve established pursuant to § 1394.5405."

2. Section 1394.5405 is added as follows:

§ 1394.5405 *Inventory reserve*—(a) *Who may establish an inventory reserve.* Each consumer who has a ration for a commercial, industrial or governmental purpose provided by §1394.5402 may, upon obtaining approval of the District Director referred to in the next paragraph, establish an inventory reserve if the total capacity of his fuel oil storage facilities for the purpose exceeds one-third of such current ration.

(b) *How approval is obtained.* Application for approval of an inventory reserve shall be made to the OPA District Director serving the area in which the applicant's Board is located. The applicant shall mail or deliver his letter, in triplicate, setting forth the following:

(1) His name and address;

(2) The amount of his current quarterly ration under § 1394.5402 and the purpose for which it was issued;

(3) The location of the fuel oil storage facilities currently held for use by him for the purpose and the total capacity of such facilities on the date of application;

(4) The unfilled storage capacity of such facilities on that date;

(5) The amount of the largest quarterly ration ever issued to him for the same purpose under § 1394.5402; and

(6) The number and address of his Board.

(c) *When application may be granted.* If the District Director is satisfied that the applicant meets the requirements of paragraphs (a) and (b) of this section, and that an adequate supply of fuel oil for inventory reserve purposes is available in the area for the applicant, he may grant the application. If the application is granted, the applicant may establish as his inventory reserve the amount specified in paragraph (b) (4) or (b) (5) of this section, whichever is smaller. However, if the amount specified in paragraph (b) (5) is the smaller sum, the District Director may increase the amount of the inventory reserve up to the amount specified in paragraph (b) (4) but in no event to an amount in excess of twice the current ration.

(d) *Board to issue coupons.* The District Director will forward to the applicant's Board a copy of his determination of the amount of the inventory reserve and of the application. The Board will issue to the applicant coupon sheets or fuel oil deposit certificates equal in gallonage value to the amount of the inventory reserve so determined. Coupon sheets issued as inventory reserve shall expire on June 30, 1944.

(e) *Restricted use of reserve.* No use may be made by the applicant of any part of the inventory reserve which would result in the consumption of more fuel oil for the purpose referred to in paragraph (b) (2) than the amount of the ration issued to him for such purpose. The Board will report to the District Office the name of any applicant to whom an inventory reserve has been granted and who has failed to comply with this paragraph. The Board will not, without specific approval of the District Director, issue to such applicant coupons or fuel oil deposit certificates to replace any part of the inventory reserve so consumed.

(f) *Deduction from further rations.* Whenever, pursuant to § 1394.5551, a further ration for the same purpose as the current ration is granted to the applicant, the Board will deduct from the coupons or fuel oil deposit certificates to be issued the amount by which the gallonage value of the fuel oil on hand and ration credits (or, of his unused coupons,

*Copies may be obtained from the Office of Price Administration.

[1] 8 F.R. 1461, 4917, 6842, 8843, 9135, 10980.

[2] 8 F.R. 9366, 10086, 10513, 10939.

[1] 7 F.R. 8480, 8809, 8897, 9316, 9396, 9492, 9427, 9430, 9621, 9784, 10153, 10081, 10379, 10530, 10531, 10780, 10707, 11118, 11071; 8 F.R. 165, 237, 437, 369, 374, 535, 439, 444, 607, 608, 977, 1203, 1316, 1235, 1282, 1681, 1636, 1859, 2194, 2432, 2598, 2781, 2871, 2720, 2942, 2993, 2887, 3106, 3521, 3628, 3733, 3848, 3948, 4255, 4137, 4350, 4784, 4850, 5678, 6064, 6262, 6960, 7588, 6137, 9059, 9219, 9458, 9382, 10082, 10089, 10304, 10435, 11380.

if the applicant is not a depositor) for the purpose exceeds the amount of his inventory reserve allowance.

(g) *Revocation of reserve.* Whenever the District Director deems it to be in the public interest to do so, he may revoke the whole or any part of the amount allowed for inventory reserve. The Board will, in case of revocation, require the surrender of any coupon sheet, or the issuance to it of a ration check, equal in gallonage value to the amount revoked, or deduct the amount from any further ration for the purpose issued to the applicant.

This amendment shall become effective on August 20, 1943.

NOTE: The reporting requirements of this amendment have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(Pub. Law 671, 76th Cong., as amended by Pub. Laws 89 and 507, 77th Cong., Pub. Law 421, 77th Cong.; WPB Directive No. 1, 7 F.R. 562; Supp. Directive No. 1–0, as amended, 7 F.R. 8416; E.O. 9125, 7 F.R. 2719)

Issued this 20th day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43–13645; Filed, August 20, 1943; 4:38 p. m.]

PART 1305—ADMINISTRATION

[Procedural Reg. 12,[1] Amdt. 2]

REPLACEMENT OF LOST, STOLEN, DESTROYED, MUTILATED OR WRONGFULLY WITHHELD RATION BOOKS OR COUPON SHEETS

A rationale accompanying this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Procedural Regulation 12 is amended in the following respects:

1. A new subparagraph (1) is added to paragraph (a) of § 1300.954 to read as follows:

(1) If an application is made to replace a lost or stolen war ration book designated for the acquisition of any rationed food and the Board is convinced of the truthfulness of the statements contained in the application, it may waive all waiting periods prescribed in this section where such requirement will result in extreme hardship upon the individual.

2. A new subparagraph (2) is added to paragraph (a) of § 1300.954 to read as follows:

(2) If an application is made to replace a lost or stolen war ration book designated for the acquisition of any rationed food and the Board finds that the question of the loss or theft of such war ration book should be further investigated and if it further finds that extreme hardship will result if the applicant is deprived of the use of the ration book during the period of the investigation, it may issue certificates or other ration evidences with which the applicant can acquire food rationed under Ration Orders 3, 13 and 16 during the period of the investigation (but not to exceed thirty days). The certificates or other ration evidences shall be in such amount as the Board deems sufficient to meet the applicant's minimum needs for that period, but shall not exceed the amount allowed to consumers by the respective ration orders for a similar period. The Board must decide on the application for a replacement of a lost or stolen war ration book designated for the acquisition of rationed foods not later than 30 days after the date of the filing of the application, except that it may withhold the replacement book in accordance with paragraph (b) of this section where it finds negligence. The Board shall note the issuance of the certificates or other ration evidences on the original replacement application. Before the applicant receives a replacement, he must return to the Board any unused certificate or other ration evidence issued to him under this subparagraph.

3. Section 1300.958 is redesignated § 1300.959.

4. A new § 1300.958 is added to read as follows:

§ 1300.958 *Appeal.* Any person directly affected by an adverse decision of a Board may appeal therefrom in accordance with the provisions of Procedural Regulation No. 9.

Effective date. This amendment shall become effective August 26, 1943.

(Pub. Law 671, 76th Cong. as amended by Pub. Laws 89, 421, 507 and 729, 77th Cong., E.O. 9125, 7 F.R. 2719; E.O. 9280, 7 F.R. 10179; WPB Dir. 1, 7 F.R. 562; Sec. of Agr. Food Dir. 3, 8 F.R. 2005, Food Dir. 5, 8 F.R. 2251, Food Dir. 6, 8 F.R. 3471, Food Dir. 7, 8 F.R. 3471, Food Dir. 8, 8 F.R. 7093.)

Issued this 21st day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43–13662; Filed, August 21, 1943; 11:57 a. m.]

PART 1404—RATIONING OF FOOTWEAR

[RO 6A,[1] Amdt. 3]

MEN'S RUBBER BOOTS AND RUBBER WORK SHOES

A rationale accompanying this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Ration Order 6A is amended in the following respects:

1. Paragraphs (a) and (b) of section 1.2 are amended to read as follows:

SEC. 1.2 *Who may get a certificate.* (a) An individual consumer may get a certificate only.

(1) If he is going to use the rubber footwear in work essential to the prosecution of the war, or to the protection of public health or safety, or to the maintenance of mines or, in the case of a certificate for type 4 rubber footwear, if he is going to use the rubber footwear in his occupation, and

(2) If in his work he is necessarily exposed to water, snow, mud, spray, splash, floor heat, danger of burns or chemicals, or other similar conditions, to such an extent that the use of rubber footwear is necessary for his health or safety.

(b) An employer who wants to get a certificate for rubber footwear for the use of his employees may do so if their use meets the requirements of paragraph (a) (1) of this section and if in their work they are exposed to the conditions described in paragraph (a) (2) of this section, if the employer retains title to the rubber footwear.

2. Section 2.2 (c) is added to read as follows:

(c) Whenever any rubber footwear included in an establishment's inventory is released from rationing by the Office of Price Administration, the establishment, before transferring any such rubber footwear without certificates, shall attach to its copy of its inventory form a statement of the number of pairs of each type so released and shall send a copy of the statement to the District Office.

3. Section 3.8 (c) is amended by deleting the last sentence.

4. The definition of "rubber footwear" in section 3.12 (a) is amended by deleting the words "all olive drab, clay or khaki colored above-the-knee boots" and substituting instead the following: "all olive drab, clay or khaki colored boots, all over-the-shoe boots, all light-weight ankle-fitting boots which depend on stretch at the ankle for fitting,".

5. Section 3.13 (a) is amended by deleting the words "worn over a shoe or a slipper and".

6. Section 3.13 (a) (4) is amended by deleting the words "over-the-shoe boots,".

This amendment shall become effective August 26, 1943.

NOTE: The reporting and record keeping requirements of this amendment have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(Pub. Law 671, 76th Cong. as amended by Pub. Laws 89, 421 and 507, 77th Cong.; WPB Dir. 1, 7 F.R. 562, Supp. Dir. 1–N, 7 F.R. 7730; E.O. 9250, 7 F.R. 7871)

Issued this 21st day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43–13663; Filed, August 21, 1943; 11:57 a. m.]

PART 1407—RATIONING OF FOOD AND FOOD PRODUCTS

[RO 16,[1] Amdt. 13 to Supp. 1]

MEAT, FATS, FISH AND CHEESES

Section 1407.3027 (f) is amended by deleting the word "red"; by deleting the words "Stamps lettered" and substituting

*Copies may be obtained from the Office of Price Administration.

[1] 8 F.R. 3171, 8 F.R. 6543.

[1] 8 F.R. 7384, 9458.

[1] 8 F.R. 3591, 3714, 4892, 5408, 5758, 6840, 7264, 7456, 7492, 8869, 9203, 10090, 10728.

the words "Red stamps lettered"; by adding the following:

X___ August 22, 1943, to October 2, 1943.
Y___ August 29, 1943, to October 2, 1943.
Z___ September 5, 1943, to October 2, 1943.

Brown stamps lettered

A___ September 12, 1943, to October 2, 1943.
B___ September 19, 1943, to October 2, 1943.
C___ September 26, 1943, to October 30, 1943.
D___ October 3, 1943, to October 30, 1943.
E___ October 10, 1943, to October 30, 1943.
F___ October 17, 1943, to October 30, 1943.

This amendment shall become effective August 21, 1943.

(Pub. Law 671, 76th Cong., as amended by Pub. Laws 89, 421, 507 and 729, 77th Cong.; E.O. 9125, 7 F.R. 2719; E.O. 9280, 7 F.R. 10179; W.P.B. Directive 1, 7 F.R. 562; and Supp. Dir. 1-M, 7 F. R. 8234; Food Directive 1, 8 F.R. 827; Food Dir. 3, 8 F.R. 2005; Food Dir. 5, 8 F.R. 2251; Food Dir. 6, 8 F.R. 3471; Food Dir. 7, 8 F.R. 3471)

Issued this 21st day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13664; Filed, August 21, 1943; 11:57 a. m.]

PART 1340—FUEL

[MPR 120,[1] Amdt. 59]

BITUMINOUS COAL DELIVERED FROM MINE OR PREPARATION PLANT

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Maximum Price Regulation No. 120 is amended in the following respects:

1. In § 1340.202 the proviso is deleted.

2. In § 1340.205 (b), a new sentence is added to read as follows:

Statements filed with the Bituminous Coal Division of the Department of the Interior pursuant to this section prior to 12:01 a. m., August 24, 1943, shall be deemed to have been filed with the Office of Price Administration.

3. In § 1340.206 (b), the words after and including the words, "or with the nearest", are deleted.

4. In § 1340.207, paragraphs (a), (c), (d), (f) (2) are deleted; paragraph (b) is redesignated paragraph (a); paragraph (e) is redesignated paragraph (b), and a new sentence is added; paragraph (f) (1) is redesignated (c) (1) and amended; paragraph (f) (3) is redesignated (c) (2) and paragraph (g) is redesignated paragraph (d) to read as follows:

(b) * * * But an application may be granted if filed prior to October 23, 1943 and if based upon hardship resulting from the fact that minimum prices established and in effect as of 12:01 a. m. August 24, 1943 by the Bituminous Coal Division prior to the expiration of the Bituminous Coal Act of 1937, as amended, were higher than the maximum prices established by this regulation.

(c) (1) In petitions filed pursuant to the provisions of this § 1340.207, the petitioner should submit and the Office of Price Administration will consider all relevant cost and realization data and the necessity, in terms of the war effort, for the granting of such adjustment or exception. Where cost of production varies from month to month or does not conform to average cost as indicated by monthly reports filed with the Bituminous Coal Division prior to 12:01 a. m., August 24, 1943, petitioner must indicate which cost is regarded as representative and the reasons therefor, and also the reasons for the fluctuations.

5. Section 1340.208 (a) (3) is amended to read as follows:

(3) "Distributor" means a person who purchases bituminous coal for resale, and resells the same in not less than cargo or railroad carload lots, all as more fully defined in the Bituminous Coal Act of 1937, as amended, and rules and regulations issued thereunder, in effect as of midnight, August 23, 1943, and any person acting as an agent of such distributor in the sale of bituminous coal.

6. Section 1340.208 (a) (4) is amended to read as follows:

(4) "Bituminous coal" means Bituminous coal, as used in the Bituminous Coal Act of 1937, as amended, in effect as of midnight, August 23, 1943 and includes all bituminous, semibituminous, and subbituminous coal and shall exclude lignite, which is defined as a lignite coal having calorific value in British thermal units of less than seven thousand six hundred per pound and having a natural moisture content in place of the mine of 30 per centum or more.

7. Section 1340.208 (a) (5) is amended to read as follows:

(5) "Bituminous Coal Division" means the Bituminous Coal Division, United States Department of the Interior as established pursuant to the Bituminous Coal Act of 1937, as amended, and the President's Second Reorganization Plan of 1939 and as in effect as of midnight, August 23, 1943.

8. Section 1340.208 (a) (6) and (7) is deleted.

9. Section 1340.208 (a) (8) is redesignated § 1340.208 (a) (6) and amended to read as follows:

(6) "District Nos. 1 to 20, inclusive, 22 and 23" mean the geographical bituminous coal producing districts as defined in the Bituminous Coal Act, as amended, and as they have been modified as of midnight, August 23, 1943.

10. Section 1340.208 (a) (9) is redesignated 1340.208 (a) (7).

11. Section 1340.209 is deleted.

12. In § 1340.210 (a) (1), the period at the end is changed to a comma and after the comma the following is added: * * *, in effect midnight, August 23, 1943: *Provided,* That no such shipments shall be made after October 23, 1943 at higher than the maximum price established by this regulation.

13. Section 1340.210 (a) (3) is amended to read as follows:

(3) All designations or definitions of classifications, price groups, size groups, mine index numbers, mine names, freight origin group numbers, subdistricts, seams, market areas, and other terms used in § 1340.212 to 1340.233 (Appendices A to V, inclusive) are, unless otherwise specifically provided, the same designations or definitions of such matters set forth in the schedules of effective minimum prices for the same district, as established by the Bituminous Coal Division and as in effect midnight, August 23, 1943. References to classifications, price groups and size groups in §1340.212 to 1340.233 Appendices A to V, inclusive) are to classifications, price groups and size groups in the schedule of effective minimum prices for the same district in respect to coal shipped all-rail for general commercial use, unless otherwise specifically noted. Thus, special classifications or size groups in the schedule of effective minimum prices for coal moving to a special use or by a particular method of transportation are not applicable, unless otherwise specifically stated.

In addition to references to minimum prices which were in effect on April 1, 1942, and October 1, 1942, wherever a minimum price is a necessary element in the determination of a maximum price established by this Regulation, then such minimum price as established by the Bituminous Coal Division and effective as of Midnight, August 23, 1943, is hereby adopted for such purpose.

14. In § 1340.210 (a) (6) and prior to the second sentence, a new sentence is added to read as follows:

Reports filed before 12:01 a. m. with the Bituminous Coal Division shall be deemed to have been filed with the Office of Price Administration in Washington, D. C.

15. In § 1340.210 (a) (8) (ii), the second sentence is amended to read as follows:

An original and two copies of such application shall be filed with the Office of Price Administration, Solid Fuels Branch, Washington, D. C.

16. In § 1340.210 (a) (8) (iv), the words in the first sentence from and after, "Bituminous", are deleted and the words, "Solid Fuels Branch, Office of Price Administration, Washington, D. C." are inserted in lieu thereof.

17. In § 1340.210 (a) (9), the last clause, beginning with the word "unless", is deleted.

18. In § 1340.210 (a) (11), a new sentence is added after the first sentence to read as follows:

If such distributor made no sales or deliveries of smithing coal during said period then such distributor may use the weighted average margin realized during

*Copies may be obtained from the Office of Price Administration.

[1] 7 F.R. 3168, 3447, 3901, 4336, 4342, 4404, 4540, 4541, 4700, 5059, 5560, 5607, 5327, 5835, 6169, 6218, 6265, 6272, 6472, 6325, 6524, 6744, 6898, 7777, 7670, 7918, 7942, 8384, 8650, 8748, 9783, 10470, 10581, 10780, 10993, 11008, 11012; 8 F.R. 926, 1388, 1629, 1679, 1747, 1971, 2023, 2030, 2273, 2284, 2501, 2497, 2713, 2873, 2920, 2921, 2997, 3216, 3855, 4258, 4717, 4785, 5477, 6443, 7200, 8504, 9018, 10936.

the next preceding three months period in 1941 in which such sales were made.

19. Section 1340.226 (b) (1) (i) (*a*) is amended to read as follows:

(*a*) Where the minimum price established by the Bituminous Coal Division and in effect as of midnight August 23, 1943 for any shipment of coals to any particular destination or market area or for any particular use, or for movement by any particular method of transportation is higher than the maximum price provided in this section for such a shipment, the particular shipment may be made at not more than such applicable minimum price; which shall be the base minimum price listed in the minimum price schedule promulgated by the Division and in effect at that time without regard to any deductions which are permitted to be made therefrom: *Provided*, That no such shipment shall be made after October 23, 1943 at more than the maximum price established by this regulation.

This amendment shall be effective as of August 21, 1943.

NOTE: The reporting and record-keeping requirements of this amendment have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 21st day of August 1943.

GEORGE J. BURKE,
Acting Administrator.

[F. R. Doc. 43-13682; Filed, August 21, 1943; 4:17 p. m.]

PART 1340—FUEL

[Rev. MPR 122,[1] Amdt. 11]

SOLID FUELS SOLD AND DELIVERED BY DEALERS

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Revised Maximum Price Regulation No. 122 is amended in the following respects:

1. In § 1340.252 (a) (2) the last part beginning with the word "except", is deleted.

2. In § 1340.253 the last part, beginning with the word "but", is deleted.

3. In § 1340.254 (b), Rule 4, the item marked "Second" is amended to read as follows:

Second: the name of its producer and its origin and, for bituminous coal, its price classification and group, size group, and mine index number in the minimum price schedules of the Bituminous Coal Division, as in effect midnight August 23, 1943.

4. Section 1340.261 (b) is amended to read as follows:

(b) The minimum price established by the Bituminous Coal Division and in effect midnight August 23, 1943 and applicable to members of its Bituminous Coal Code shall be the maximum price for sales of solid fuels by such members if such minimum is greater than the maximum price otherwise established by this regulation: *Provided*, That no sale of solid fuel shall be made after October 23, 1943, at more than the maximum price established by this regulation.

5. In § 1340.266 (a) (3) (i), after the word, "thereunder", the following is added:

* * * and in effect midnight August 23, 1943.

6. Section 1340.266 (a) (9) is amended to read as follows:

(9) "Bituminous Coal Division" means the Bituminous Coal Division of the United States Department of the Interior, as established pursuant to the Bituminous Coal Act of 1937 as amended, and the President's Second Reorganization Plan of 1939, and in effect midnight August 23, 1943. "District Nos. 1–20 inclusive, 22 and 23," mean the geographical bituminous coal producing districts as defined in the Bituminous Coal Act of 1937, as amended, and as they were modified up to midnight August 23, 1943.

This amendment shall become effective August 21, 1943.

(Pub. Laws 421 and 729, 77th Cong., E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 21st day of August 1943.

GEORGE J. BURKE,
Acting Administrator.

[F. R. Doc. 43-13681; Filed, August 21, 1943; 4:16 p. m.]

PART 1340—FUEL

[MPR 189,[1] Amdt. 16]

BITUMINOUS COAL SOLD FOR DIRECT USE AS BUNKER FUEL

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Maximum Price Regulation No. 189 is amended in the following respects:

1. In § 1340.302 the final period is deleted and the following is added:

* * * in effect midnight August 23, 1943: *Provided*, That no such shipments shall be made after October 23, 1943 at more than the maximum price established by this regulation.

2. In § 1340.305, paragraph (d) is redesignated paragraph (e) and a new paragraph (d) is added to read as follows:

(d) Statements filed with the Bituminous Coal Division of the Department of the Interior prior to August 24, 1943, will be considered as having been filed with the Office of Price Administration.

3. In § 1340.306 (b), the last part, beginning with the words "or with the nearest," is deleted.

4. In § 1340.308 (a) (2), after the words, "as amended," the words "and in effect midnight August 23, 1943," are added.

5. Section 1340.308 (a) (7) is amended to read as follows:

(7) "Bituminous Coal Division" means the Bituminous Coal Division United States Department of the Interior, as established pursuant to the Bituminous Coal Act of 1937, as amended, and the President's Second Re-organization Plan of 1939, and as in effect midnight August 23, 1943.

6. Section 1340.308 (a) (8) is amended to read as follows: (8) Reference to a bituminous coal producing district (e. g. "District No. 1") is a reference to the same district as defined in the Bituminous Coal Act of 1937, as amended, as they have been modified and were defined by the Bituminous Coal Division of the Department of the Interior as of midnight August 23, 1943.

7. Section 1340.309 (b) is deleted.

8. In § 1340.310 (a) (3), the last part, beginning with the word "except", is deleted.

9. In § 1340.313 (d), the words, "Bituminous Coal Division, 734 15th Street, N. W.," are deleted and the words "Solid Fuels Branch, Office of Price Administration," are inserted.

This amendment shall be effective as of the 21st day of August 1943.

NOTE: The reporting and record-keeping requirements of this amendment have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 21st day of August 1943.

GEORGE J. BURKE,
Acting Administrator.

[F. R. Doc. 43-13683; Filed, August 21, 1943; 4:17 p. m.]

PART 1382—HARDWOOD LUMBER

[Rev. MPR 97,[1] Amdt. 8]

SOUTHERN HARDWOOD LUMBER

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Section 1382.101 is amended to read as follows:

§ 1382.101 *Sales of southern hardwood lumber at higher than maximum prices prohibited.* (a) On and after January 7, 1943, regardless of any contract or other obligation, no person shall sell or deliver, and no person shall buy or receive in the course of trade or business, any southern hardwood lumber for direct-mill shipment at prices higher than the maximum prices fixed by this regulation, and no person shall agree, offer

*Copies may be obtained from the Office of Price Administration.

[1] 8 F.R. 440, 1200, 3524, 4510, 5632, 6543, 7198, 8179, 8754, 10358, 11143.

[1] 8 F.R. 2973, 5566, 6444, 6842, 8504, 8680, 10936, 11143.

[1] 8 F.R. 142, 3530, 5177, 5479, 8860, 10762, 11161.

or attempt to do any of these things. The maximum f. o. b. mill prices are set forth in Appendix A.

(b) On and after August 21, 1943, the basic mill prices set forth in tables contained in subparagraphs (1) through (31) and (33) and (34) of § 1382.112 (b), and the maximum prices for dunnage contained in § 1382.112 (c), may be increased by $6.00 per 1000 board feet in all items. The prices of the following items may not be increased: Construction boards (§ 1382.112 (b) (32); White oak and red oak—Structural stock or sound square edge (§ 1382.112 (b) (35)); White oak and red oak—Freight car stock, common dimension, mine car lumber (§ 1382.112 (b) (36)); and special grades and items as to which maximum prices for particular mills have been established under any of the special pricing provisions of this regulation or any forerunner thereof.

(c) Prices lower than the maximum prices may, of course, be charged and paid.

This amendment shall become effective August 21, 1943.

(56 Stat. 23, 765; Pub. Law 151, 78th Cong., E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 21st day of August 1943.

CHESTER BOWLES,
Acting Administrator.

[F. R. Doc. 43-13684; Filed, August 21, 1943; 4:17 p. m.]

PART 1429—POULTRY AND EGGS

[Rev. MPR 269,[1] Amdt. 13]

POULTRY: TURKEYS

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Section 1429.19 (h) (1) (iv) is amended to read as follows:

(iv) *Monthly adjustments in base prices for dressed, drawn, and quick-frozen eviscerated turkey items.* The above prices for dressed, drawn, and quick-frozen eviscerated turkey items shall be in force for the months of November, December, and January. For the remaining months of the year the following additions shall be made to each of the above prices for dressed, drawn, and quick-frozen eviscerated turkey items:

	Cents per pound
February	½
March	1
April	1½
May	2
June	2½
July	3
August	3½
September	3
October	1

*Copies may be obtained from the Office of Price Administration.

[1] 7 F.R. 10708, 10864, 11118; 8 F.R. 567, 856, 878, 2289, 3316, 3419, 3792, 6736, 9061, 9299, 10940.

This amendment shall become effective August 21, 1943.

(56 Stat. 23, 765; Pub. Law 151, 78th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 21st day of August 1943.

CHESTER BOWLES,
Acting Administrator.

Approved: August 20, 1943.

MARVIN JONES,
War Food Administrator.

[F. R. Doc. 43-13685; Filed, August 21, 1943; 4:16 p. m.]

PART 1439—UNPROCESSED AGRICULTURAL COMMODITIES

[MPR 426,[1] Amdt. 5]

FRESH FRUITS AND VEGETABLES FOR TABLE USE, SALES EXCEPT AT RETAIL

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Paragraph (b) is added to Appendix A in section 15 to read as follows:

(b) Authority is delegated to all regional offices, or such of their district offices as they in turn may authorize, to adjust the maximum price of lettuce upward in sales to United States agencies to account for any increase in costs which is caused by special trimming or cutting to meet the specifications required by such purchasers for overseas shipment.

This amendment shall become effective August 21, 1943.

(56 Stat. 23, 765; Pub. Law 151, 78th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 21st day of August 1943.

CHESTER BOWLES,
Acting Administrator.

Approved: August 20, 1943.

MARVIN JONES,
War Food Administrator.

[F. R. Doc. 43-13686; Filed, August 21, 1943; 4:18 p. m.]

Chapter XIII—Petroleum Administration for War

PART 1545—PETROLEUM SUPPLY

[PAO 7, as Amended June 1, 1943, Revocation]

Section 1545.3 *Petroleum Administrative Order No. 7, as amended June 1, 1943* is hereby revoked, effective immediately.

(E.O. 9276, 7 F.R. 10091; E.O. 9125, 7 F.R. 2719; sec. 2 (a), Pub. Law 671, 76th Cong., as amended by Pub. Laws 89 and 507, 77th Cong.)

Issued this 23d day of August 1943.

RALPH K. DAVIES,
Deputy Petroleum Administrator for War.

[F. R. Doc. 43-13676; Filed, August 21, 1943; 2:21 p. m.]

[1] 8 F.R. 9546, 9568, 9727, 10571, 10673.

TITLE 38—PENSIONS, BONUSES, AND VETERANS' RELIEF

Chapter I—Veterans' Administration

PART 35—VETERANS' REGULATIONS

DEFINITIONS OF THE TERMS "CHILD," "PARENT," "FATHER," AND "MOTHER"

Veterans' Administration Instruction No. 1, sections 7 and 8, Public No. 144, 78th Congress (Act of July 13, 1943).

For the purposes of Public No. 2, 73d Congress, as amended, Public No. 141, 73d Congress, as amended, Public No. 484, 73d Congress, as amended, and the laws reenacted by Public No. 269, 74th Congress, as amended, the following instructions are issued:

1. Section 7, Public No. 144, 78th Congress, amends paragraph (f) of § 35.10 to read as follows:

(f) The term "child" shall mean a person unmarried and under the age of eighteen years, unless prior to reaching the age of eighteen years the child becomes or has become permanently incapable of self-support by reason of mental or physical defect, who is a legitimate child; a child legally adopted; a stepchild if a member of the man's household; an illegitimate child but as to the father only if acknowledged in writing, signed by him, or if he has been judicially ordered or decreed to contribute to the child's support or has been, prior to his death judicially decreed to be the putative father of such child, or if he is otherwise shown by evidence satisfactory to the Administrator of Veterans' Affairs to be the putative father of such child: *Provided*, That the payment of pension shall be continued after the eighteenth birthday and until completion of education or training (but not after such child reaches the age of twenty-one years), to any child who is or may hereafter be pursuing a course of instruction at a school, college, academy, seminary, technical institute, or university, particularly designated by him and approved by the Administrator, which shall have agreed to report to the Administrator the termination of attendance of such child, and if any such institution of learning fails to make such report promptly the approval shall be withdrawn.

2. Section 8, Public No. 144, 78th Congress, amends paragraph (g) of § 35.10 to read as follows:

(g) The terms "parent", "father", and "mother" include a father, mother, father through adoption, mother through adoption, and persons who have stood in loco parentis to a member of the military or naval forces at any time prior to entry into active service for a period of not less than one year: *Provided*, That not more than one father and one mother, as defined, shall be recognized in any case, and preference shall be given to such father or mother who actually exercised parental relationship at the time of or most nearly prior to the date of entry into active service by the person who served.

NOTE: Since section 1, Public No. 144, 78th Congress makes the administrative, defini-

tive, and regulatory provisions of Public Law Numbered 2, 73d Congress, and Veterans Regulations, as now or hereafter amended, applicable to benefits provided under Public Law Numbered 141, 73d Congress, as amended, Public Law Numbered 484, 73d Congress, as amended, and the laws reenacted by Public No. 269, 74th Congress, as amended, paragraphs (f) and (g) are for application under Public No. 2, 73d Congress, as amended, Public No. 141, 73d Congress, as amended, Public No. 484, 73d Congress, as amended, and the laws reenacted by Public No. 269, 74th Congress, as amended, on and after July 13, 1943, the date of the approval of the Act. It is to be noted that the term "child" includes an illegitimate child and prescribes proof to be supplied as to the father. Proof of birth is all that is required as to the mother.

(Pub. Law 144, 78th Cong.)

[SEAL] FRANK T. HINES,
Administrator.

AUGUST 18, 1943.

[F. R. Doc. 43-13650; Filed, August 21, 1943; 9:52 a. m.]

TITLE 43—PUBLIC LANDS: INTERIOR

Chapter I—General Land Office

[Circular No. 1562]

PART 192—OIL AND GAS LEASES

NOTICE OF LEASE OFFER

The first sentence of § 192.18 of Title 43 of the Code of Federal Regulations is hereby amended to read as follows:

§ 192.18 *Notice of lease offer.* Notice of the offer of lands for lease will be given by publication once a week for 5 consecutive weeks, in accordance with § 106.18, or for such other period as may be deemed advisable, in a newspaper of general circulation to be designated by the Commissioner of the General Land Office in the county in which the lands or deposits are situated, or in such other paper or papers as the Secretary of the Interior may direct. * * *

FRED W. JOHNSON,
Commissioner.

Approved: August 17, 1943.

OSCAR L. CHAPMAN,
Assistant Secretary.

[F. R. Doc. 43-13689; Filed, August 21, 1943; 4:45 p. m.]

TITLE 50—WILDLIFE

Chapter I—Fish and Wildlife Service

PART 91—ALASKA GAME REGULATIONS

GAME AND FUR ANIMALS, GAME AND NONGAME BIRDS, AND GAME FISHES IN ALASKA

Pursuant to the authority and direction contained in section 9 of the Alaska Game Law of January 13, 1925 (43 Stat. 739), as amended July 1, 1943, Pub. No. 106, 78th Congress, I, Oscar L. Chapman, Assistant Secretary of the Interior, upon consultation with and recommendation from the Alaska Game Commission, have determined when, to what extent, and by what means game animals, fur animals, game birds, nongame birds, and game fishes may be taken, possessed, transported, bought, or sold in Alaska, and in accordance with such determinations do hereby adopt the following, effective July 1, 1943, as suitable amendments of regulations (8 F.R. 9841) permitting and governing the taking of such animals, birds, and game fishes in Alaska:

Section 91.5 is amended to read as follows:

§ 91.5 *Continuous close season on all animals and birds in specified areas.* These regulations, including § 91.3, do not permit the taking at any time of any game animal, fur animal, or game or nongame bird, or the nests or eggs of such birds, on any area specified in Appendix A of these regulations except for scientific or propagating purposes, and then only under specific permit issued by the Director, supplemented by such permit as may be required by any other Department or agency having administrative supervision of the particular area; *Provided,* That the collection in a national park or monument of specimens for scientific or propagating purposes shall be done in conformity with the regulations issued by the Secretary for such areas.

Section 91.6 is amended to read as follows:

§ 91.6 *Continuous close season on certain species in specified areas.* These regulations, including § 91.3, do not permit the taking at any time of the game animals, fur animals, game birds, or game fishes specified in Appendix B of these regulations on areas correlated with said animals, birds, or game fishes in said Appendix B, except for scientific or propagating purposes, and then only under specific permit issued by the Director, supplemented by such permit as may be required by any other Department or agency having administrative supervision of the particular area.

Section 91.20 is hereby deleted.

The undesignated center head note "Taking Wild Animals, Birds, and the Nests and Eggs of Birds for Scientific or Propagating Purposes and Animals or Birds for the Protection of Property" preceding § 91.32 is amended to read as follows: "Taking Animals, Game Fishes, Birds, and their Nests and Eggs for Scientific or Propagating Purposes, and Animals or Birds for the Protection of Property."

Section 91.32 is amended to read as follows:

§ 91.32 *Taking game and fur animals, game fishes, game, and nongame birds, and the nests or eggs of birds for scientific or propagating purposes.* (a) The Director may, for areas other than those administered by the National Park Service, prescribe the terms and conditions of and issue permits authorizing the taking, possession, purchase, sale, exchange or exportation of such animals, game fishes, birds, and their nests and eggs for scientific, propagating, educational, or exhibition purposes as he may determine from time to time is consistent with the proper conservation and development of the species.

(b) Any such permit shall be carried by the permittee when taking the aforesaid animals, game fishes, or birds, or their nests or eggs, and shall be exhibited to any wildlife agent or other person requesting to see it.

(c) Applications for all permits should be addressed to the Director, Fish and Wildlife Service, Chicago 54, Illinois, or to the Alaska Game Commission, Juneau, Alaska.

(d) Reports of operations required under the terms of any permit shall be filed on or before the tenth day of January following issuance of the permit with the Alaska Game Commission, Juneau, Alaska, or with the Director, Fish and Wildlife Service, Chicago 54, Illinois.

(e) Any package containing the aforesaid animals, fishes, birds or parts thereof or the nests or eggs of birds transported within or out of the Territory, including those taken on any national park or national monuments, shall be plainly and clearly marked, labeled, or tagged on the outside thereof to show the names and addresses of the consignor and consignee, the contents, the number of the permit under authority of which it is transported, and that the contents are for scientific, propagating, educational or exhibition purposes, as the case may be.

Section 91.33 is amended to read as follows:

§ 91.33 *License, guide, or other requirements.* Unless specifically provided therein no permit of the Director to take, possess, buy, sell, exchange or transport any game or fur animal or any bird for scientific or propagating purposes shall be deemed to exempt the permittee from compliance with the license, guide, or other requirements of the Alaska Game Law, but no license is required to export such species or specimens for such purposes.

Section 91.35 is amended to read as follows:

§ 91.35 *Certain nongame birds unprotected.* A resident of the Territory without a hunting and trapping license and a nonresident with a hunting license may take crows, hawks, owls, eagles, ravens, magpies, and cormorants and their nests and eggs at any time, in any number, and by any means except by the use of poison, and with the exception of eagles and their nests and eggs which may be transported out of the Territory only for scientific or exhibition purposes of public museums, scientific societies, or zoological parks under a permit issued by the Director, such birds when so taken, or parts thereof, articles manufactured therefrom, and the nests and eggs may, without further license and at any time, be bought, sold, or transported within or out of the Territory. The provisions of this section are not applicable to national parks or national monuments.

Appendix A of said regulations is amended by adding a new paragraph at the end thereof, reading as follows:

(m) Old Kasaan National Monument.

In testimony whereof I have hereunto set my hand and caused the official seal of the United States Department of the

Interior to be affixed in the city of Washington, this 14th day of August 1943.

[SEAL] OSCAR L. CHAPMAN,
Assistant Secretary of the Interior.

[F. R. Doc. 43-13633; Filed, August 20, 1943; 2:59 p. m.]

Notices

DEPARTMENT OF THE INTERIOR.

Bituminous Coal Division.

[General Docket No. 26]

MARKETING RULES AND REGULATIONS FOR DISTRICTS 1 THROUGH 20, 22 AND 23

MEMORANDUM OPINION AND ORDER DISMISSING PROCEEDING

In the matter of marketing rules and regulations incidental to the sale and distribution of coal by code members, established by the Division for Districts 1-20, inclusive, 22 and 23.

In re: A proposal to review and revise the marketing rules and regulations as established by the Division.

This proceeding was instituted by the Bituminous Coal Division for the purpose of determining the reasonableness of requirements that distributors specify in their contracts, spot orders or written confirmation of spot orders, the name of the code member and the name of the originating mine or mines as provided in Rule 3 of section V and Rule 1 of section VI of the Marketing Rules and Regulations established by the Division.

A hearing in the above-entitled matter was held November 17 and 18, 1942, before Charles S. Mitchell, a duly designated Examiner of the Division, at a hearing room thereof in Washington, D. C. Interested parties were afforded an opportunity to be present, adduce evidence, cross-examine witnesses and to participate fully at the hearing. As yet no report by the Examiner has been submitted.

The Bituminous Coal Act of 1937, as amended, except as provided in section 19 thereof, will terminate at 12:01 a. m. August 24, 1943. For this reason it appears appropriate to dispense with the Report of the Examiner and to dismiss the proceeding.

Accordingly, *It is ordered*, That this proceeding effective 12:01 a. m. August 24, 1943 is dismissed.

Dated: August 17, 1943.

[SEAL] DAN H. WHEELER,
Director.

[F. R. Doc. 43-13628; Filed, August 20, 1943; 12:41 p. m.]

[Dockets Nos. A-100, A-193, A-274, A-345, A-605, A-845, A-1315, A-1580, A-1597, and A-1849]

CODE MEMBERS IN DISTRICT 8, DISTRICT BOARD 8 AND BITUMINOUS COAL CONSUMERS' COUNSEL

ORDER DISMISSING PROCEEDINGS

In the matter of the petitions of code members in District No. 8, District Board No. 8, and Bituminous Coal Consumers' Counsel for revision of the price classifications and effective minimum prices for certain mines in District No. 8.

These proceedings were instituted upon petitions filed with the Bituminous Coal Division by the following code members in District No. 8, by District Board No. 8 and by Consumers' Council Division (now Bituminous Coal Consumers' Counsel), pursuant to section 4 II (d) of the Bituminous Coal Act of 1937:

	Docket No.
The Hatfield-Campbell Creek Coal Company	A-100
Dixport Coal Company	A-193
Kanawha & Hocking Coal Company	A-274 [1]
Kelley's Creek Colliery Company	A-345
Consumers' Counsel Division (On behalf of Buka Coal Co.)	A-605
District Board No. 8	A-845
The Eastern Coal Corp	A-1315 [2]
District Board No. 8	A-1580
District Board No. 8	A-1597
District Board No. 8	A-1849

[1] Docket Nos. A-100, A-193, A-274 and A-345 were consolidated by order dated November 18, 1940 (5 F.R. 4571); Docket A-274, upon code member's request, was dismissed as a proceeding under section 4 II (d) of the Act and was continued as an application for exemption under section 4-A of the Act.

[2] Docket No. A-1315 was consolidated with the "Matter of the Application of the Ford Motor Company," Docket No. C-7, by order dated April 3, 1942 (7 F.R. 2648); Docket No. C-7 was dismissed by order, dated August 13, 1943.

The petitions in the above-designated dockets requested establishment or revision of the price classifications and minimum prices of certain mines in District No. 8 or other amendment of the Schedules of Effective Minimum Prices for District No. 8 for All Shipments Except Truck and for Truck Shipments. Orders granting temporary relief were issued in Docket Nos. A-100, A-193, A-274 and A-345 (5 F.R. 4177, 4413, 4614). No such orders have been issued in Docket Nos. A-605, A-845, A-1315, A-1580, A-1597 and A-1849.

Pursuant to appropriate orders and after due notice to interested persons, hearings were held in all of the above-designated dockets before duly designated Examiners of the Division. The preparation and filing of reports of the Examiners were not waived in any of the aforesaid dockets, except in Docket Nos. A-1597 and A-1849, in which no reports have been filed as of the date hereof.[3]

The Bituminous Coal Act of 1937, as amended by Act of Congress, approved May 21, 1943 expires on August 24, 1943 at 12:01 a. m. The price schedules established by the Division, the price exceptions and instructions therein contained, and the Marketing Rules and Regulations promulgated by the Division pursuant to the provisions of the Act, cease to be operative as of the date and time aforesaid. In view thereof, it is deemed appropriate to terminate the temporary relief heretofore granted in the respective dockets referred to above, and to dismiss the proceedings in all of the above-designated dockets.

It is therefore ordered, That effective August 24, 1943 at 12:01 a. m. the temporary relief heretofore granted in Docket Nos. A-100, A-193, A-274 and A-345, is hereby terminated.

It is further ordered, That effective as of the date and time aforesaid, the proceedings in Dockets Nos. A-100, A-193, A-274, A-345, A-605, A-845, A-1315, A-1580, A-1597 and A-1849 are hereby dismissed.

Dated: August 17, 1943.

[SEAL] DAN H. WHEELER,
Director.

[F. R. Doc. 43-13629; Filed, August 20, 1943; 12:41 p. m.]

[3] In view of the expiration of the Act, the lack of time within which to prepare and file Examiner's Reports, to afford interested persons an opportunity to file exceptions thereto, and to issue an order of the Director adopting or modifying such reports or otherwise disposing of the proceedings, as required by the Rules of Practice and Procedure before the Division, the Examiner's Reports in Docket Nos. A-1597 and 1849 are hereby dispensed with.

[Docket No. A-995]

INSTITUTIONAL PURCHASING COMPANY

ORDER AMENDING SCHEDULE OF MINIMUM PRICES FOR DISTRICT 8

In the matter of the petition of the Bituminous Coal Consumers' Counsel for free alongside prices on shipments of coal from District No. 8 to the Institutional Purchasing Company, a division of the Catholic Charities of the Archdiocese of Cincinnati, Market Area No. 19, pursuant to section 4 II (d) of the Bituminous Coal Act of 1937.

Upon the findings of fact and conclusions of law set forth in the Opinion of the Director, filed simultaneously herewith, wherein it appears that the Special River Price Instructions and Exceptions, as contained in the Schedule of Effective Minimum Prices for District No. 8 for All Shipments Except Truck should be amended to permit code members in District 8 to sell coal to the Institutional Purchasing Company of the Catholic Charities of the Archdiocese of Cincinnati at minimum f. o. b. mine prices for f. a. s. deliveries, and pursuant to section 4 II (d) and other provisions of the Bituminous Coal Act of 1937.

It is hereby ordered, That effective as of the date hereof, the Schedule of Effective Minimum Prices for District No. 8 for All Shipments Except Truck be, and it is amended to include under "Prices for River (Free Alongside Deliveries) and Ex-River Shipments," paragraph 3 (b) the following:

Institutional Purchasing Company of the Catholic Charities of the Archdiocese of Cincinnati (for consumption by the affiliated institutions of Catholic Charities of the Archdiocese of Cincinnati, in Cincinnati and vicinity).

Dated: August 18, 1943.

[SEAL] DAN H. WHEELER,
Director.

[F. R. Doc. 43-13631; Filed, August 20, 1943; 12:41 p. m.]

[Docket No. A–1239]

RAIL AND RIVER SHIPPERS INTO CINCINNATI, OHIO

MEMORANDUM OPINION AND ORDER DISMISSING PROCEEDING

In the matter of a review of the minimum prices effective for shipment of coals in the City of Cincinnati, Ohio (Market Area 19), pursuant to section 4 II (b) of the Bituminous Coal Act of 1937.

One of the most complex and vexatious minimum price problems with which the Bituminous Coal Diviison has been confronted is the reconciliation of the diverse interests of rail and river shippers of bituminous coal into the Cincinnati, Ohio, area. The problem has been complicated by the existence of competition between so-called integrated operators having retail outlets on the one hand and independent retailers on the other, as well as by the consumers' natural desire to obtain coals at the cheapest possible prices. In an attempt to discover the vast variety of economic factors involved and to secure complete data upon which to predicate an intelligent solution of these problems, the Division instituted this proceeding in which a hearing was begun in January 1942, before Charles S. Mitchell, a duly designated Examiner of the Division. The hearing was protracted, due both to the magnitude of its objectives and to the vigor with which various interested parties asserted their respective positions. The main phase of the hearing lasted until March 16, 1942. The hearing was recessed and subsequently reopened for one day in December 1942. During the course of the proceeding nearly 5,000 pages of testimony and exhibits were placed in the record. On July 15, 1943, the Examiner submitted to me a comprehensive Report in which he proposed revisions and additions to the schedule of effective minimum prices and related price instructions and exceptions applicable to shipments of coal into the Cincinnati area.

Consistent with a careful and complete consideration of the many questions involved and with permitting all interested persons a full opportunity to urge their respective positions before me, it was intended to make a final disposition of this proceeding on the merits before the expiration of the Bituminous Coal Act of 1937 at 12:01 a. m., August 24, 1943. I had so declared my intention in the recent hearing on the extension of the Act before the Ways and Means Committee of the House of Representatives. However, following the Division's customary practice, an opportunity to file exceptions to the Report submitted by the Examiner was afforded all interested parties. Formal exceptions have been filed by Bituminous Coal Producers Board for District No. 7, Institutional Purchasing Company, The Hatfield-Campbell Creek Coal Company, the City of Cincinnati and the Board of Education of the City of Cincinnati, the Solid Fuel Institute, the Galloway Coal Company and the Island Creek Coal Company. District Board 7, on August 3, 1943, filed a motion requesting that the Director schedule a hearing on the proposals contained in the Examiner's Report and on the following day The Hatfield-Campbell Creek Coal Company filed a similar motion and requested in the alternative a stay of all further proceedings.

The exceptions filed by the various parties in some cases make a direct and frontal attack on the basic predicates of the Examiner's Report. Several exceptants have raised substantial constitutional issues and suggest that it would be a deprivation of due process for the Division to enter a final order in the proceeding before the parties were given an adequate opportunity to appraise the Examiner's Report in the light of the entire record and to submit briefs in support of the exceptions which have been filed. The same fundamental and strenuous conflict in the positions of the various affected groups which was evident in the earlier phases of this proceeding persists with renewed vehemence in the papers filed before me. Reluctant as I am to leave the problems presented essentially unresolved, an examination of the exceptions forces me to conclude that it would be inappropriate in the few remaining days of the Division's existence, to attempt a disposition of the merits of the case. Because of the nature of the questions raised, I believe that oral argument on the exceptions would be helpful to the Director, yet it is impossible to schedule such oral argument before the Act expires. Even if an order were entered without oral argument, the parties would have an opportunity to petition for reconsideration or rehearing, either of which requests it would be impossible to grant. In these circumstances I am compelled to find that the proceeding should be dismissed, effective 12:01 a. m., August 24, 1943.

It is so ordered.

Dated: August 19, 1943.

[SEAL] DAN H. WHEELER,
Director.

[F. R. Doc. 43–13630; Filed, August 20, 1943; 12:41 p. m.]

[Docket No. 601–FD]

AMERICAN ROLLING MILL COMPANY

MEMORANDUM OPINION AND ORDER DISMISSING PROCEEDINGS

In the matter of the application of the American Rolling Mill Company for exemption pursuant to section 4–A of the Bituminous Coal Act of 1937.

On July 14, 1943 Travis Williams, a duly designated Examiner of the Division, submitted his report in this proceeding in which he found that applicant, The American Rolling Mill Company, is a "Producer-Consumer" of that portion of the coal produced at the Nellis Mine (Mine Index No. 346) in Boone County, West Virginia in District 8, which is used by it in the production of coke at its plant in Hamilton, Ohio, for the production of gas and steam at its plant in Middletown, Ohio, and for locomotive and boiler fuel at its plant in Ashland, Kentucky. As to such coal, the Examiner found that applicant was entitled to an exemption pursuant to the provisions of section 4 II (1) of the Bituminous Coal Act of 1937 and recommended the entry of an appropriate order granting such exemption. In addition, the Examiner found that applicant is not the "producer" of the coal at the Marting Mine (Mine Index No. 320) located in Fayette County, West Virginia in District 8 and that, accordingly, applicant was without standing to maintain a petition for exemption for such coal pursuant to section 4 II (1) of the Act. The Examiner recommended that the application for exemption of the coals from the Marting Mine be dismissed.

Subsequent to the submission of the Examiner's Report, applicant availed itself of the opportunity offered interested parties to file exceptions and supporting briefs. In informal conferences and by correspondence applicant indicated its desire to have the questions raised by the Examiner's Report finally determined before the expiration of the Bituminous Coal Act of 1937 at 12:01 a. m., August 24, 1943. Subsequently, however, in a letter dated August 12, 1943, counsel for applicant requested that "no disposition" of the case be made prior to the expiration of the Act. Counsel suggests that if an order were entered confirming the recommendations of the Examiner, applicant would be constrained to take further steps to assert its claim that the coals produced at the Marting Mine are entitled to exemption under section 4 II (1) of the Act.

The Report of the Examiner testifies to a careful consideration by him of the various issues presented in this proceeding and notwithstanding the exceptions submitted by applicant, I should be inclined to adopt his recommendations. However, in view of applicant's specific request that no dispositive order on the merits be entered, in view of the fact that applicant would have the opportunity to request a rehearing or reconsideration so that a final disposition might not be made before the expiration of the Act, and in view of the fact that similar proceedings have been dismissed, it appears appropriate to dismiss the application filed herein.

Accordingly: *It is ordered*, That this proceeding is dismissed, effective 12:01 a. m., August 24, 1943.

Dated: August 18, 1943.

[SEAL] DAN H. WHEELER,
Director.

[F. R. Doc. 43–13632; Filed, August 20, 1943; 12:41 a. m.]

General Land Office.

[Public Land Order 158]

NORTH DAKOTA

RESERVING CERTAIN PUBLIC LAND IN CONNECTION WITH THE LAKE WASHINGTON STATE GAME REFUGE

Whereas the act of September 2, 1937, 50 Stat. 917 (U.S.C., title 16, secs. 669–

669j), provides for Federal aid to States in wildlife-restoration projects; and

Whereas the State of North Dakota has set up a Federal Aid wildlife-restoration project and is acquiring wildlife control over certain lands in Eddy County, which lands are to be administered by the State of North Dakota through its Game and Fish Department as the Lake Washington State Game Refuge; and

Whereas certain public land within this area possesses wildlife value and could be administered advantageously in connection with the refuge; and

Whereas the act of March 10, 1934, 48 Stat. 401 (U.S.C., title 16, secs. 661–666), provides for cooperation with Federal, State, and other agencies in developing a Nationwide program of wildlife conservation and rehabilitation:

Now, therefore, By virtue of the authority vested in the President and pursuant to Executive Order No. 9337 of April 24, 1943, *It is ordered,* As follows:

Subject to valid existing rights, the following-described public land in Eddy County, North Dakota, is hereby withdrawn from all forms of appropriation under the public-land laws, including the mining laws and the mineral-leasing laws, and reserved under the jurisdiction of the Department of the Interior for use by the Game and Fish Department of the State of North Dakota in connection with the Lake Washington State Game Refuge, under such conditions as may be prescribed by the Secretary of the Interior:

FIFTH PRINCIPAL MERIDIAN

T. 150 N., R. 63 W.,
Sec. 34, Lot 1.
The area described contains 3.68 acres.

The reservation made by this order supersedes, as to the above-described land, the general withdrawal for classification and other purposes made by Executive Order No. 6910 of November 26, 1934, as amended.

HAROLD L. ICKES,
Secretary of the Interior.

AUGUST 12, 1943.

[F. R. Doc. 43-13688; Filed, August 21, 1943; 4:45 p. m.]

DEPARTMENT OF LABOR.

Wage and Hour Division.

LEARNER EMPLOYMENT CERTIFICATES
ISSUANCE TO VARIOUS INDUSTRIES

Notice of issuance of special certificates for the employment of learners under the Fair Labor Standards Act of 1938.

Notice is hereby given that special certificates authorizing the employment of learners at hourly wage rates lower than the minimum wage rate applicable under section 6 of the Act are issued under section 14 thereof, Part 522 of the regulations issued thereunder (August 16, 1940, 5 F.R. 2862, and as amended June 25, 1942, 7 F.R. 4725), and the determination and order or regulation listed below and published in the FEDERAL REGISTER as here stated.

Apparel Learner Regulations, September 7, 1940 (5 F.R. 3591), as amended by Administrative Order March 13, 1943 (8 F.R. 3079).

Single Pants, Shirts and Allied Garments, Women's Apparel, Sportswear, Rainwear, Robes and Leather and Sheep-Lined Garments Divisions of the Apparel Industry, Learner Regulations, July 20, 1942 (7 F.R. 4724), as amended by Administrative Order March 13, 1943 (8 F.B. 3079).

Artificial Flowers and Feathers Learner Regulations, October 24, 1940 (5 F.R. 4203).

Glove Findings and Determination of February 20, 1940, as amended by Administrative Order September 20, 1940 (5 F.R. 3748) and as further amended by Administrative Order, March 13, 1943 (8 F.R. 3079).

Hosiery Learner Regulations, September 4, 1940 (5 F.R. 3530), as amended by Administrative Order March 13, 1943 (8 F.R. 3079).

Independent Telephone Learner Regulations, Septmber 27, 1940 (5 F.R. 3829).

Knitted Wear Learner Regulations, October 10, 1940 (5 F.R. 3982), as amended by Administrative Order, March 13, 1943 (8 F.R. 3079).

Millinery Learner Regulations, Custom Made and Popular Priced, August 29, 1940 (5 F.R. 3392, 3393).

Textile Learner Regulations, May 16, 1941 (6 F.R. 2446), as amended by Administrative Order, March 13, 1943 (8 F.R. 3079).

Woolen Learner Regulations, October 30, 1940 (5 F.R. 4302).

Notice of Amended Order for the Employment of Learners in the Cigar Manufacturing Industry, July 20, 1941 (6 F.R. 3753).

The employment of learners under these certificates is limited to the terms and conditions therein contained and to the provisions of the applicable determination and order or regulations cited above. The applicable determination and order or regulations, and the effective and expiration dates of the certificates issued to each employer is listed below. The certificates may be cancelled in the manner provided in the regulations and as indicated in the certificates. Any person aggrieved by the issuance of any of these certificates, may seek a review or reconsideration thereof.

NAME AND ADDRESS OF FIRM, PRODUCT, NUMBER OF LEARNERS, LEARNING PERIOD, LEARNER WAGE, LEARNER OCCUPATION, EXPIRATION DATE

Apparel Industry

American Clothing Company, 251 Clifton Avenue, Clifton, New Jersey; Ladies' and men's sack coats; 5 percent (T); effective August 25, 1943, expiring August 24, 1944.

Hansley Mills, Incorporated, 1800 South Main Street, Paris, Kentucky; Men's woven underwear; 10 percent (A. T.); effective August 20, 1943, expiring February 19, 1944.

Single Pants, Shirts, and Allied Garments, Women's Apparel, Sportswear, Rainwear, Robes, and Leather and Sheep-Lined Garments Divisions of the Apparel Industry

The H. A. Austin Company, Incorporated, 15 Union Street, Worcester, Massachusetts; Sanitary belts, panties; 10 percent (T); effective September 25, 1943, expiring September 24, 1944.

Carwood Manufacturing Company, Winder, Georgia; Wool serge O. D. trousers, cotton trousers and shirts; 5 percent (A. T.); effective August 17, 1943, expiring February 16, 1944. (This certificate replaces the one previously issued, effective August 6, 1943 and expiring February 6, 1944.)

Comfort Corset Company, 2311 West Street, Union City, New Jersey; Belts and girdles; 4 learners (T); effective August 23, 1943, expiring August 22, 1944.

Fairfield Manufacturing Company, One Franklin Street, New Haven, Connecticut; Men's dress and sport shirts; 10 percent (T); effective September 8, 1943, expiring September 7, 1944.

Lackawanna Pants Manufacturing Company, 300 Brook Street, Scranton, Pennsylvania; Work pants, military trousers, semi-dress trousers; 10 percent (A. T.); effective August 23, 1943, expiring February 22, 1944.

Moena Negligee Company, 1024 Santee Street, Los Angeles, California; Robes; 3 learners (T); effective August 23, 1943, expiring August 22, 1944.

Model Sportwear Company, 212 E. Street, Pen Argyl, Pennsylvania; Ladies' blouses; 10 learners (T); effective August 28, 1943, expiring August 27, 1944.

Opotowsky Brothers, Incorporated, 512 Canal Street, New Orleans, Louisiana; Ladies' cotton, rayon and silk lingerie; 6 learners (T); effective August 16, 1943, expiring August 15, 1944.

Piedmont Shirt Company, 19th Street and 10th Avenue, Tampa, Florida; Military sport shirts and pants, men's slacks; 10 percent (T); effective August 21, 1943, expiring August 20, 1944.

The Rob Roy Company, Ridgely, Maryland; Boys' shirts; 40 learners (E); effective August 21, 1943, expiring February 20, 1944.

Selfast Dress Company, S. W. Cor. 3rd and Vine Streets, Philadelphia, Pennsylvania; Children's cotton dresses; 10 percent (T); effective August 23, 1943, expiring August 22, 1944.

Shawnee Garment Manufacturing Company, 115½ North Bell Street, Shawnee, Oklahoma; Overalls, pants, shirts and Government trousers; 10 learners (A. T.); effective August 23, 1943, expiring February 22, 1944.

South Side Dress Company, 1805 Pittston Avenue, Scranton, Pennsylvania; Dresses; 10 percent (T); effective August 20, 1943, expiring August 19, 1944.

Gloves Industry

Hansen Glove Corporation, Plant #3 Kewaunee, Wisconsin; Ladies' fabric gloves; 16 learners (E); effective August 23, 1943, expiring February 22, 1944.

Morris Manufacturing Company, Main Street, Newbern, Tennessee; Leather and cotton work gloves; 10 learners (A. T.); effective August 23, 1943, expiring February 22, 1944.

The National Mitten Works, 212–216 East Superior Street, Kokomo, Indiana; Work gloves; 5 learners (T); effective August 25, 1943, expiring August 24, 1944.

Saranac Glove Company, 42 Saranac Street, Littleton, New Hampshire; Leather work gloves and mittens, Leather semi-dress gloves and mittens; 5 learners (T); effective August 28, 1943, expiring August 27, 1944.

Stott & Son Corporation, 220 E. 3rd Street, Winona, Minnesota; Cotton work gloves; 3 learners (A. T.); effective August 23, 1943, expiring January 6, 1944.

Hosiery Industry

Busy Bee Hosiery Company, Incorporated, Fairmont and Alton Avenues, Reading, Pennsylvania; Full-fashioned hosiery; 5 percent (T); effective August 23, 1943, expiring August 22, 1944.

Dixie Hosiery Mills, Incorporated, Newport, Tennessee; Seamless hosiery; 5 learners (T); effective August 25, 1943, expiring August 24, 1944.

Holeproof Hosiery Company, Marietta, Georgia; Seamless hosiery; 100 learners (A. T.); effective August 28, 1943, expiring February 22, 1944. (This certificate replaces the one previously issued effective May 24, 1943 and terminating November 24, 1943.)

Miller White Hosiery Mills, Taylorsville, North Carolina; Seamless hosiery; 5 learners (T); effective August 18, 1943, expiring August 17, 1944.

Prim Era Hosiery Mills, Incorporated, Chester, Illinois; Full-fashioned hosiery; 5 percent (T); effective August 18, 1943, expiring August 17, 1944.

Ruby Hosiery Mill, Hickory, North Carolina; Men's cotton mercerized seamless hosiery; 5 learners (T); effective August 23, 1943, expiring August 22, 1944.

Sunshine Hosiery Mills, Incorporated, 215 South Church Street, Murfreesboro, Tennessee; Full-fashioned and seamless hosiery; 5 percent (T); effective August 25, 1943, expiring August 24, 1944.

Knitted Wear Industry

Hollyvogue Knitting Mills, 1209 East 14th Street, Los Angeles, California; Knitted outerwear; 5 learners (T); effective August 23, 1943, expiring August 22, 1944.

Textile Industry

Algodon Manufacturing Company, Bessemer City, North Carolina; Cotton staple; 3 percent (A. T.); effective August 23, 1943, expiring February 22, 1944.

Cross Cotton Mills Company, Marion, North Carolina; Cotton knitting yarn; 3 percent (T); effective August 23, 1943, expiring August 22, 1944.

Opp Cotton Mills, Opp, Alabama; Industrial sheetings for bag cloths for food containers; 3 percent (T); effective September 8, 1943, expiring September 7, 1944.

Pilot Full Fashioned Mills, Incorporated, Valdese, North Carolina; Silk, rayon, nylon yarn; 26 learners (A. T.); effective August 20, 1943, expiring January 22, 1944. (This certificate replaces the one previously issued effective July 22, 1943 and expiring January 22, 1944.)

Small Brothers Manufacturing Company, 37 Hillside Street, Fall River, Massachusetts; Cotton, rayon and nylon braids; 3 percent (T); effective August 23, 1943, expiring August 22, 1944.

Cigar Industry

John H. Swisher & Son, Incorporated, East 16th Street, Jacksonville, Florida; Cigars; 10 percent (T); Cigar Machine Operating and Cigar Packing for a learning period of 320 hours, and Machine Stripping for a learning period of 160 hours at 75% of the applicable minimum wage; effective August 31, 1943, expiring August 30, 1944. (This certificate replaces the one previously issued, effective September 21, 1942 and expiring September 20, 1943.)

Signed at New York, New York, this 21st day of August 1943.

MERLE D. VINCENT,
Authorized Representative of the Administrator.

[F R. Doc. 43-13699; Filed, August 23, 1943; 11:09 a. m.]

LEARNER EMPLOYMENT CERTIFICATES
ISSUANCE TO VARIOUS INDUSTRIES

Notice of issuance of special certificates for the employment of learners under the Fair Labor Standards Act of 1938.

Notice is hereby given that special certificates authorizing the employment of learners at hourly wages lower than the minimum rate applicable under section 6 of the Act are issued under section 14 thereof and § 522.5 (b) of the regulations issued thereunder (August 16, 1940, 5 F.R. 2862) to the employers listed below effective August 1, and August 19, 1943.

The employment of learners under these certificates is limited to the terms and conditions as designated opposite the employer's name. These certificates are issued upon the employers' representations that experienced workers for the learner occupations are not available for employment and that they are actually in need of learners at subminimum rates in order to prevent curtailment of opportunities for employment. The certificates may be cancelled in the manner provided for in the regulations and as indicated on the certificates. Any person aggrieved by the issuance of the certificates may seek a review or reconsideration thereof.

NAME AND ADDRESS OF FIRM, PRODUCT, NUMBER OF LEARNERS, LEARNING PERIOD, LEARNER WAGE, LEARNER OCCUPATION, EXPIRATION DATE

Record & Tribune Company, 203 West Salem Avenue, Indianola, Iowa; Printing and Publishing; 1 learner (T); Printer for a learning period of 480 hours at 30 cents per hour until February 17, 1944.

Peter Paul, Inc., of Arecibo, Puerto Rico, to employ one hundred forty two learners in the Manufactured Cocoanut Industry distributed between the following operations; Shelling and Peeling at 17½ cents an hour for the first 160 hours; 22½ cents an hour for the second 160 hours, and not less than 25 cents an hour for every hour thereafter. For all hours over forty worked in any one work week, one and one-half times the applicable piece rate or the rate established herein, whichever is the higher, shall be paid. This Special Certificate shall become effective on August 1, 1943 and shall remain in effect for a period not exceeding six months thereafter.

Signed at New York, N. Y., this 21st day of August 1943.

MERLE D. VINCENT,
Authorized Representative of the Administrator.

[F. R. Doc. 43-13700; Filed, August 23, 1943; 11:09 a. m.]

[Administrative Order 212]

LOGGING, LUMBER AND TIMBER AND RELATED PRODUCTS INDUSTRIES

ACCEPTANCE OF RESIGNATION FROM AND APPOINTMENT TO INDUSTRY COMMITTEE

By virtue of and pursuant to the authority vested in me by the Fair Labor Standards Act of 1938, I, L. Metcalfe Walling, Administrator of the Wage and Hour Division, United States Department of Labor,

Do hereby accept the resignations of Josephine Wilkins of Atlanta, Georgia; Abbott Fox of Iron Mountain, Michigan; Maurice A. Hutcheson of Indianapolis, Indiana; and A. W. Muir of Los Angeles, California, from Industry Committee No. 64 for the Logging, Lumber and Timber and Related Products Industries, and do appoint in their stead, respectively, Frank T. de Vyver of Durham, North Carolina, as representative for the Public; Carroll C. Wall of Lexington, North Carolina, as representative for the Employers; and Albert E. Fischer of Indianapolis, Indiana, and Peter Terzick of Seattle, Washington, as representatives for the Employees on such Committee.

Signed at New York, New York, this 20th day of August 1943.

L. METCALFE WALLING,
Administrator.

[F. R. Doc. 43-13698; Filed, August 23, 1943; 11:09 a. m.]

FEDERAL TRADE COMMISSION.

[Docket No. 5027]

ASSOCIATED MERCHANDISING CORPORATION, ET AL.

COMPLAINT AND NOTICE

In the matter of Associated Merchandising Corporation, Abraham & Straus, Inc., L. S. Ayres & Company, Bloomingdale Bros., Inc., The Herzfeld-Phillipson Company, Bullock's, Inc., Burdine's, Inc., The Dayton Company, The Emporium-Capwell Company, Wm. Filene's Sons Company, B. Forman Company, Joseph Horne Company, The J. L. Hudson Company, Hutzler Brothers Co., The F. & R. Lazarus, The Rike-Kumler Company, The John Shillito Company, Stix, Baer & Fuller Company, Strawbridge & Clothier, The Wm. Taylor Son & Co., Thalhimer Brothers, Inc., R. H. White Company.

Complaint

The Federal Trade Commission, having reason to believe that the parties respondent named in the caption hereof, and hereinafter more particularly designated and described, since June 19, 1936, have been and are now violating the provisions of subsection (f) of section 2 of the Clayton Act (U. S. C. Title 15, sec. 13), as amended by the Robinson-Patman Act, approved June 19, 1936, hereby issues its complaint, stating its charges with respect thereto as follows:

PARAGRAPH 1. Respondent Associated Merchandising Corporation, hereinafter referred to and designated as "respondent A. M. C.", is a corporation duly organized and existing under and by virtue of the laws of the State of New York, with its office and principal place of business being located at 1440 Broadway, New York, New York.

Respondent Abraham & Straus, Inc., is a corporation, duly organized and existing under and by virtue of the laws of the State of New York, with its office and principal place of business being located in the City of Brooklyn, New York, where it operates a retail department store under the name of Abraham & Straus, Inc.

Respondent L. S. Ayres & Company is a corporation duly organized and existing under and by virtue of the laws of the State of Indiana, with its office and principal place of business being located in the City of Indianapolis, Indiana, where it operates a retail department store under the name of L. S. Ayres & Company.

Respondent Bloomingdale Bros., Inc., is a corporation duly organized and existing under and by virtue of the laws of the State of New York, with its office and principal place of business being located at Lexington Avenue and 59th Street in the City of New York, New York, where it operates a retail department store under the name of Bloomingdale Bros., Inc.

Respondent The Herzfeld-Phillipson Company is a corporation duly organized and existing under and by virtue of the laws of the State of Wisconsin, with its office and principal place of business being located in the City of Milwaukee, Wisconsin, where it operates a retail

department store under the name of The Boston Store.

Respondent Bullock's, Inc., is a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, with its office and principal place of business being located in the City of Los Angeles, California, where it operates a retail department store under the name of Bullock's, Inc.

Respondent Burdine's, Inc., is a corporation duly organized and existing under and by virtue of the laws of the State of Florida, with its office and principal place of business being located in the City of Miami, Florida, where it operates a retail department store under the name of Burdine's, Inc.

Respondent The Dayton Company is a corporation duly organized and existing under and by virtue of the laws of the State of Minnesota, with its office and principal place of business being located in the City of Minneapolis, Minnesota, where it operates a retail department store under the name of The Dayton Company.

Respondent The Emporium-Capwell Company is a corporation duly organized and existing under and by virtue of the laws of the State of California, with its office and principal place of business being located in the City of San Francisco, California; it operates two retail department stores, one in San Francisco, California, known as the Emporium, and the other in Oakland, California, known as The H. C. Capwell Company.

Respondent Wm. Filene's Sons Company is a corporation duly organized and existing under and by virtue of the laws of the Commonwealth of Massachusetts, with its office and principal place of business being located in the City of Boston, Massachusetts, where it operates a retail department store under the name of Wm. Filene's Sons Company.

Respondent B. Forman Company is a corporation duly organized and existing under and by virtue of the laws of the State of New York, with its office and principal place of business being located in the City of Rochester, New York, where it operates a retail department store under the name of B. Forman Company.

Respondent Joseph Horne Company is a corporation duly organized and existing under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business being located in the City of Pittsburgh, Pennsylvania, where it operates a retail department store under the name of Joseph Horne Company.

Respondent The J. L. Hudson Company is a corporation duly organized and existing under and by virtue of the laws of the State of Michigan, with its office and principal place of business being located in the City of Detroit, Michigan, where it operates a retail department store under the name of The J. L. Hudson Company.

Respondent Hutzler Brothers Co. is a corporation duly organized and existing under and by virtue of the laws of the State of Maryland, with its office and principal place of business being located in the City of Baltimore, Maryland, where it operates a retail department store under the name of Hutzler Brothers Co.

Respondent The F. & R. Lazarus & Co. is a corporation duly organized and existing under and by virtue of the laws of the State of Ohio, with its office and principal place of business being located in the City of Columbus, Ohio, where it operates a retail department store under the name of The F. & R. Lazarus & Co.

Respondent The Rike-Kumler Company is a corporation duly organized and existing under and by virtue of the laws of the State of Ohio, with its office and principal place of business being located in the City of Dayton, Ohio, where it operates a retail department store under the name of The Rike-Kumler Company.

Respondent The John Shillito Company is a corporation duly organized and existing under and by virtue of the laws of the State of Ohio, with its office and principal place of business being located in the City of Cincinnati, Ohio, where it operates a retail department store under the name of the John Shillito Company.

Respondent Stix, Baer & Fuller Company is a corporation duly organized and existing under and by virtue of the laws of the State of Missouri, with its office and principal place of business being located in the City of St. Louis, Missouri, where it operates a retail department store under the name of Stix, Baer & Fuller Company.

Respondent Strawbridge & Clothier is a corporation duly organized and existing under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business being located in the City of Philadelphia, Pennsylvania, where it operates a retail department store under the name of Strawbridge & Clothier.

Respondent The Wm. Taylor Son & Co., is a corporation duly organized and existing under and by virtue of the laws of the State of Ohio, with its office and principal place of business being located in the City of Cleveland, Ohio, where it operates a retail department store under the name of The Wm. Taylor Son & Co.

Respondent Thalhimer Brothers, Inc., is a corporation duly organized and existing under and by virtue of the laws of the State of Virginia, with its office and principal place of business being located in the City of Richmond, Virginia, where it operates a retail department store under the name of Thalhimer Brothers, Inc.

Respondent R. H. White Company is a corporation duly organized and existing under and by virtue of the laws of the Commonwealth of Massachusetts, with its office and principal place of business being located in the City of Boston, Massachusetts, where it operates a retail department store under the name of R. H. White Company.

PAR. 2. Respondents Abraham & Straus, Inc., L. S. Ayres & Company, Bloomingdale Bros., Inc., The Herzfeld-Phillipson Company, Bullock's Inc., Burdine's, Inc., The Dayton Company, The Emporium-Capwell Company, Wm. Filene's Sons Company, B. Forman Company, Joseph Horne Company, The J. L. Hudson Company, Hutzler Brothers Co., The F. & R. Lazarus & Co., The Rike-Kumler Company, The John Shillito Company, Stix, Baer & Fuller Company, Strawbridge & Clothier, The Wm. Taylor Son & Company, Thalhimer Brothers, Inc., and R. H. White Company, hereinafter referred to collectively as "respondent members", own and operate the various department stores as hereinbefore set forth in Paragraph One. Each of said respondent members is a separate, distinct and independent legal entity, and each one of the department stores which they operate is independent of the stores of all of the other respondent members. The annual volume of sales of the 22 department stores owned and operated by said respondent members (respondent The Emporium-Capwell Company owns and operates two stores: The Emporium at San Francisco, California, and the H. C. Capwell Company at Oakland, California) in 1941 was approximately $425,000,000. The annual volume of sales of the respective stores of respondent members ranges from $2,000,000 to $40,000,000.

PAR. 3. Respondent A. M. C. is an outgrowth of the Retail Research Association, hereinafter referred to as "R. R. A.", which was organized in 1916 by ten of the respondent members, with the avowed or ostensible purpose of enabling the department stores owned by said members to operate more efficiently and to obtain and furnish to said members information as to market conditions and other related subjects.

While the R. R. A. was in its formative stage, several of its directors saw the possibility of expanding it into an organization through which the department stores belonging to the respondent members could buy their goods, wares and merchandise collectively. Therefore, in 1918, nine of the ten respondent members who had organized R. R. A., organized respondent A. M. C.; later the tenth of the respondent members who had organized R. R. A. acquired membership in respondent A. M. C. By 1934, all but two of the respondent members had become affiliated with respondent A. M. C. and these joined in 1938, when they adopted, ratified, approved and began taking part in the activities, practices and planned course of action of respondent A. M. C. and respondent members, which are hereinafter set out. Since 1938, the 21 respondent members, operating the 22 department stores hereinbefore mentioned, have comprised the membership of respondent A. M. C.

Respondent A. M. C. was reorganized and reincorporated under the laws of the State of New York in 1939 with a capital stock of $1,000,000, consisting of 10,000 shares of $100 par value of which 250 are preferred and 9,750 common. The preferred shares, which are divided equally among all of the respondent members, have full voting power while the common shares have no voting power.

Application for membership in respondent A. M. C. can be made only upon invitation by respondent A. M. C. and election is only by unanimous approval of all of the respondent members. In the event that a member desires to with-

draw from respondent A. M. C., it must sell its preferred and common stock to the remaining members of A. M. C. at a price determined by the book value of A. M. C. shares.

Although R. R. A. and respondent A. M. C. are separate corporations, they have identical stockholders, boards of directors, executive committees and officers. They occupy jointly several floors at 1440 Broadway, New York, New York; they also have branch offices in Chicago, Illinois, and Los Angeles, California, and a suboffice in Boston, Massachusetts. Before the war respondent A. M. C. maintained buying offices in various cities in Europe and the Orient.

In 1936 respondent A. M. C. and R. R. A. had 430 persons employed, which number was decreased to 325 in 1942 because of the closing of the foreign offices. The cost of operating respondent A. M. C. and R. R. A. increased from $25,000 per annum in 1936 to $1,500,000 in 1941. A budget is prepared in advance to cover annual cost of operations which are borne by respondent members who contribute weighted amounts based on the volume of their previous year's sales. The estimated cost in volume of sales of each of respondent members is approximately one-third of one percent. However, respondent A. M. C. claims that through its method of purchasing for respondent members' stores, as hereinafter described, respondent members save from six to seven percent per year.

The principals of respondent members' stores meet twice yearly to discuss policy, but no major steps are adopted without the unanimous approval of all of the respondent members; the ultimate control and direction of respondent A. M. C. are in the hands of the respondent members who own equal amounts of the preferred voting stock of said respondent.

PAR. 4. Respondent A. M. C. has eight merchandising divisions, which are conducted by managers, who in turn are under the direct supervision of the Director of respondent A. M. C. Each such division has a staff of recognized market specialists in the particular field of merchandising to which that particular division's activities are directed. The primary responsibility of all of these employees of respondent A. M. C. is to assist the merchandise buyers of the stores of respondent members in purchasing from the manufacturers, producers and suppliers of such merchandise, at the lowest possible prices, the various goods, wares and merchandise resold in said stores of the respondent members.

Respondent A. M. C. has no warehouses and does not sell any goods, wares or merchandise to the trade or consuming public. When goods, wares and merchandise are purchased by respondent members, either directly or through or by means of respondent A. M. C., the same are shipped to their respectve stores directly from the manufacturers, producers and suppliers thereof, many of which are located in various states other than those from which such shipments are made.

Approximately 25 percent of all the goods, wares and merchandise trafficked through the stores of respondent members are brought through, by means of, or with the aid of respondent A. M. C.

PAR. 5. In the course and conduct of their respective businesses, respondent A. M. C. and respondent members, since June 19, 1936, have entered into and carried out, and are still carrying out, an agreed and planned course of action to secure for respondent members, from the manufacturers, producers and suppliers thereof, special allowances or discounts on their purchases of the goods, wares and merchandise, which are resold in the stores of respondent members.

PAR. 6. Pursuant to, and in furtherance of, said agreed and planned course of action, respondent A. M. C. with the knowledge, consent and approval of respondent members, has since June 19, 1936, and is now, knowingly inducing said manufacturers, producers and suppliers to discriminate in price in favor of respondent members by selling them, for resale in their respective department stores throughout the United States, goods, wares and merchandise of like grade and quality, at lower prices, or with higher allowances or discounts, than those accorded by said manufacturers, producers and suppliers to stores not belonging to respondent members, but which are in competition with the stores of respondent members in reselling and attempting to resell such goods, wares and merchandise.

Also, pursuant to, and as a result of, the aforesaid agreed and planned course of action, respondent members have been, since June 19, 1936, and are now, knowingly receiving the benefits of said discriminations.

PAR. 7. Generally, the special allowances or discounts granted by the manufacturers or other sources of supply take the form of rebates on the purchases by respondent members for their respective stores during a specified period, which is usually a year. At the end of such a period, the seller pays this rebate to respondent A. M. C. based on the total purchases of its goods, wares and merchandise by all of the individually owned and operated department stores of respondent members. Respondent A. M. C. then distributes said rebate to the respective stores of respondent members, according to the amount which each said store has purchased from the particular seller during said specified period.

PAR. 8. Pursuant to, and as a part of, the aforesaid agreed and planned course of action, respondent A. M. C., with the consent, approbation and cooperation of respondent members, has been since June 19, 1936, and is now, soliciting and requesting manufacturers, producers and suppliers of various goods, wares and merchandise which are resold in the department stores of respondent members, to grant the aforesaid special allowances or discounts on the purchases of same by respondent members. If the manufacturer, producer or supplier agrees to do this, then, and only then, is he approved, classified and designated by respondent A. M. C. as a "preferred resource".

As an inducement for, and in consideration of, the aforesaid discriminations in price granted by said "preferred resources", respondent A. M. C., in furtherance of the aforesaid common course of action, constantly and continuously requests, pleads with and cajoles respondent members to confine to said preferred resources, all of their purchases of the types of goods, wares and merchandise of which said preferred resources are sources of supply.

Consequently, in furtherance of the aforesaid planned common course of action, respondent members, usually acting directly, but sometimes through and by means of respondent A. M. C., in purchasing, in the course of commerce between and among the several states of the United States, the goods, wares and merchandise to be resold in their respective department stores throughout the United States, have been since June 19, 1936, and are now, where such goods, wares and merchandise of like or similar grade and quality are manufactured, produced or supplied by both "preferred resources" and other sources of supply, generally confining such purchases to the former and withholding them from the latter.

Also, as a further inducement for, and in consideration of the aforesaid discriminations in price granted by the "preferred resources", respondent members, in furtherance of the aforesaid planned common course of action, and with the urging and approval of respondent A. M. C., in reselling goods, wares and merchandise in their respective stores, give preference to those which have been purchased from said preferred resources and do not "push" the resale of comparable goods, wares and merchandise which they have purchased from other sources of supply.

PAR. 9. The manufacturers, producers and suppliers who are thus classified by respondent A. M. C. as "preferred resources" are located in various states of the United States, and, pursuant to and as part of such purchases from them by respondent members, they transport, or cause to be transported, such goods, wares and merchandise to the department stores of respondent members which are located in states other than those from which said shipments originate. In the course and conduct of their respective businesses such "preferred resources" also have sold since June 19, 1936, and are now selling and transporting and having transported in trade and commerce among the several states of the United States, to department stores other than those of respondent members, goods, wares and merchandise of like grade and quality as those which said "preferred resources" sell and transport, in the manner hereinbefore described, to the stores of respondent members.

Said "preferred resources" have maintained since June 19, 1936, and still do maintain, a regular current of trade in the goods, wares and merchandise which they manufacture, produce or supply, in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 10. There are other manufacturers, producers and suppliers of the goods, wares and merchandise, which

are resold in department stores throughout the United States, who are not listed or considered as "preferred resources" by respondent A. M. C., but who nevertheless are in competition with them, except insofar as such competition has been hindered, restricted or prevented by the acts and practices of respondents herein set forth, in seeking to sell, in trade and commerce among the several States of the United States, their goods, wares and merchandise of like grade and quality as those of said preferred resources, to the department stores of respondent members. Said manufacturers, producers and suppliers often are prevented from selling such goods, wares and merchandise to the stores of respondent members because they refuse, although requested to do so by respondent A. M. C., to grant to said respondent members the discriminatory prices herein alleged to have been allowed by such "preferred resources" to respondent members.

PAR. 11. There are department stores not owned and operated by respondent members that purchase from said "preferred resources", in the manner and in the commerce hereinbefore described, goods, wares and merchandise of like grade and quality as those purchased by respondent members for their individual stores, and which are in competition with said stores in reselling and seeking to resell such goods, wares and merchandise. Although such competing stores individually may purchase from a particular "preferred resource" such goods, wares and merchandise in an amount as great as, or in excess of that of a competing store of a respondent member, nevertheless they are not granted by the "preferred resource" any similar price or discount on their purchases.

PAR. 12. The effect of the aforesaid discriminations in price may be substantially to lessen competition in the line of commerce in which the "preferred resources" are engaged, and to injure, destroy or prevent competition with said "preferred resources" in selling goods, wares and merchandise of like grade and quality to respondent members for use or resale by the stores of said members within the United States.

The effect of such discriminations in price also may be substantially to lessen competition in the line of commerce in which are engaged the department stores of respondent members and those of their competitors who do not receive the benefit of the lower prices that said "preferred resources" grant to the stores of respondent members on goods, wares and merchandise of like grade and quality; likewise, the effect may be to injure, destroy or prevent competition between the stores of respondent members who receive the benefits of said discriminatory prices and their competing department stores to whom such benefits are denied.

PAR. 13. The foregoing alleged acts of the respondent A. M. C. and the respondent members, acting pursuant to a planned and agreed common course of action and in concert and cooperation with each other, are in violation of section 2 (f) of said Act of Congress approved June 19, 1936, entitled "An Act to amend section 2 of the Act entitled 'An Act to supplement existing laws against unlawful restraints and monopolies and for other purposes', approved October 15, 1914, as amended (U.S.C. Title 15, sec. 13), and for other purposes".

Wherefore, the premises considered the Federal Trade Commission on this 17th day of August, A. D. 1943, issues its complaint against said respondent.

Notice

Notice is hereby given you, Associated Merchandising Corporation, Abraham & Straus, Inc., L. S. Ayres & Company, Bloomingdale Bros., Inc., The Herzfeld-Phillipson Company, Bullock's, Inc., Burdine's, Inc., The Dayton Company, The Emporium-Capwell Company, Wm. Filene's Sons Company, B. Forman Company, Joseph Horne Company, The J. L. Hudson Company, Hutzler Brothers Co., The F. & R. Lazarus & Co., The Rike-Kumler Company, The John Shillito Company, Stix, Baer & Fuller Company, Strawbridge & Clothier, The Wm. Taylor Son & Co., Thalhimer Brothers, Inc., and R. H. White Company, respondents herein, that the 24th day of September, A.D. 1943, at 2 o'clock in the afternoon, is hereby fixed as the time, and the offices of the Federal Trade Commission in the City of Washington, D. C., as the place, when and where a hearing will be had on the charges set forth in this complaint, at which time and place you will have the right, under said Act, to appear and show cause why an order should not be entered by said Commission requiring you to cease and desist from the violations of the law charged in the complaint.

You are notified and required, on or before the twentieth day after service upon you of this complaint, to file with the Commission an answer to the complaint. If answer is filed and if your appearance at the place and on the date above stated be not required, due notice to that effect will be given you. The Rules of Practice adopted by the Commission with respect to answers or failure to appear or answer (Rule IX) provide as follows:

> In case of desire to contest the proceeding the respondent shall, within twenty (20) days from the service of the complaint, file with the Commission an answer to the complaint. Such answer shall contain a concise statement of the facts which constitute the ground of defense. Respondent shall specifically admit or deny or explain each of the facts alleged in the complaint, unless respondent is without knowledge, in which case respondent shall so state.
>
> * * * * *
>
> Failure of the respondent to file answer within the time above provided and failure to appear at the time and place fixed for hearing shall be deemed to authorize the Commission, without further notice to respondent, to proceed in regular course on the charges set forth in the complaint.
>
> If respondent desires to waive hearing on the allegations of fact set forth in the complaint and not to contest the facts, the answer may consist of a statement that respondent admits all the material allegations of fact charged in the complaint to be true. Respondent by such answer shall be deemed to have waived a hearing on the allegations of fact set forth in said complaint and to have authorized the Commission, without further evidence, or other intervening procedure, to find such facts to be true.
>
> Contemporaneously with the filing of such answer the respondent may give notice in writing that he desires to be heard on the question as to whether the admitted facts constitute the violation of law charged in the complaint. Pursuant to such notice, the respondent may file a brief, directed solely to that question, in accordance with Rule XXIII.

In witness whereof, the Federal Trade Commission has caused this, its complaint, to be signed by its Secretary, and its official seal to be hereto affixed, at Washington, D. C., this 17th day of August, A. D. 1943.

By the Commission.

[SEAL] OTIS B. JOHNSON,
Secretary.

[F. R. Doc. 43-13661; Filed, August 21, 1943; 11:19 a. m.]

[Docket No. 4979]

BERNARD ENGINEERING COMPANY

ORDER APPOINTING TRIAL EXAMINER AND FIXING TIME AND PLACE FOR TAKING TESTIMONY

In the matter of Bernard Engineering Company, a corporation, Lionel Bernard, individually and as an officer of Bernard Engineering Company, a corporation; and William I. Miller, an individual.

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 20th day of August, A. D. 1943.

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U. S. C. A., section 41),

It is ordered, That Randolph Preston, a trial examiner of this Commission, be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

It is further ordered, That the taking of testimony in this proceeding begin on Tuesday, September 7, 1943, at ten o'clock in the forenoon of that day (eastern standard time) in Room 212, Post Office Building, Camden, New Jersey.

Upon completion of testimony for the Federal Trade Commission, the trial examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The trial examiner will then close the case and make his report upon the evidence.

By the Commission.

[SEAL] OTIS B. JOHNSON,
Secretary.

[F. R. Doc. 43-13715; Filed, August 23, 1943; 11:42 a. m.]

OFFICE OF ALIEN PROPERTY CUSTODIAN.

[Supplemental Vesting Order 1992]

ROYAL SAXON COMPANY, INC.

Under the authority of the Trading with the Enemy Act, as amended, and Executive Order No. 9095, as amended,

and pursuant to law, the undersigned, after investigation:

1. Having found in Vesting Order No. 596, dated December 30, 1942, that Fritz von Philipp and Royal Saxon Company, Inc., and each of them, are nationals of a designated enemy country (Germany);

2. Finding that of the issued and outstanding capital stock of Royal Saxon Company, Inc., a corporation organized and doing business under the laws of the State of New Jersey, and a business enterprise within the United States, consisting of 100 shares of common, having a par value of $50 each, 3 shares are registered in the names of the persons listed below in the number appearing opposite each name and are beneficially owned by Fritz von Philipp and, together with the 97 shares heretofore vested, are evidence of ownership and control of said business enterprise:

Name and address	*No. of shares*
Alfred H. Posselt, 229 Beechwood Avenue, Bound Brook, New Jersey	1
Alfreda I. Posselt, 229 Beechwood Avenue, Bound Brook, New Jersey	1
Marie Posselt, 229 Beechwood Avenue, Bound Brook, New Jersey	1
Total	3

and determining:

3. That to the extent that such nationals are persons not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany); and having made all determinations and taken all action required by law, including appropriate consultation and certification, and deeming it necessary in the national interest,

Hereby vests in the Alien Property Custodian the 3 shares of the $50 par value common capital stock of Royal Saxon Company, Inc., hereinbefore more fully described, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest and for the benefit of the United States.

Such property and any or all of the proceeds thereof shall be held in an appropriate account or accounts, pending further determination of the Alien Property Custodian. This order shall not be deemed to limit the power of the Alien Property Custodian to vary the extent of or terminate such direction, management, supervision or control, or return such property or the proceeds thereof in whole or in part, nor shall it be deemed to indicate that compensation will not be paid in lieu thereof, if and when it should be determined to take any one or all of such actions.

Any person, except a national of a designated enemy country, asserting any claim arising as a result of this order may, within one year from the date hereof, or within such further time as may be allowed, file with the Alien Property Custodian on Form APC–1 a notice of claim, together with a request for a hearing thereon. Nothing herein contained shall be deemed to constitute an admission of the existence, validity or right to allowance of any such claim.

The terms "national", "designated enemy country" and "business enterprise within the United States" as used herein shall have the meanings prescribed in section 10 of Executive Order No. 9095, as amended.

Executed at Washington, D. C. on August 18, 1943.

[SEAL] LEO T. CROWLEY,
Alien Property Custodian.

[F. R. Doc. 43–13654; Filed, August 21, 1943; 10:31 a. m.]

[Amendment of Vesting Order 165]

HILDEGARDE MUELLER AND CARMELITA MUELLER

Re: Assets of Graff Building and real property in San Francisco, California owned by Hildegarde Mueller, also known as Hildegarde Mueller Melsheimer, and Carmelita Mueller, also known as Carmelita Mueller Meyerhoff.

Under the authority of the Trading with the Enemy Act, as amended, and Executive Order No. 9095, as amended, and pursuant to law, the undersigned, after investigation, finding:

1. That the last known address of Hildegarde Mueller, also known as Hildegarde Mueller Melsheimer, and Carmelita Mueller, also known as Carmelita Mueller Meyerhoff, are respectively, Traben Trarbach ad Mosel, Germany, and Goettlingen, Germany, and they are therefore residents of Germany and nationals of a designated enemy country (Germany);

2. That Hildegarde Mueller, also known as Hildegarde Mueller Melsheimer, and Carmelita Mueller, also known as Carmelita Mueller Meyerhoff, are the owners of the property described below;

3. That the property described as follows:

a. Real property situated in the City of San Francisco, State of California, particularly described in Exhibit A, attached hereto and by reference made a part hercof, together with all hereditaments, fixtures, improvements and appurtenances thereto, which improvements are more particularly referred to as Graff Building, and any and all claims for rents, refunds, benefits, or other payments arising from the ownership of such property, and

b. Real property situated in the City of San Francisco, State of California, particularly described as that portion of 100 Vara Block No. 407,

Beginning at a point on the northwesterly line of Howard Street, distant thereon 375 feet northeasterly from the northeasterly line of Eighth Street; running thence northeasterly along said line of Howard Street 25 feet; thence at a right angle northwesterly 90 feet; thence at a right angle southwesterly 25 feet; thence at a right angle southeasterly 90 feet to the point of beginning;

together with all hereditaments, fixtures, improvements and appurtenances thereto and any and all claims for rents, refunds, benefits or other payments arising from the ownership of such property, and

c. All right, title, interest and estate of Hildegarde Mueller, also known as Hildegarde Mueller Melsheimer, and Carmelita Mueller, also known as Carmelita Mueller Meyerhoff, in and to Graff Building, the name under which they maintain offices and do business in the City of San Francisco, California, which is a business enterprise within the United States, and all property of any nature whatsoever owned or controlled by, payable or deliverable to, or held on behalf of, or on account of, or owing to, said business enterprise; and

d. All right, title, interest and claim of said business enterprise in and to a certain bank account in the Wells Fargo Bank and Union Trust Company, San Francisco, California, which is due and owing to and held for and in the name of said business enterprise, including but not limited to all security rights in and to any and all collateral for such account or portion thereof, and the right to enforce and collect same,

is property within the United States owned or controlled by nationals of a designated enemy country (Germany);

And determining that the property described in subparagraphs 3–c and 3–d above is necessary for the maintenance or safeguarding of other property (namely, that property described in subparagraphs 3-a and 3–b above) belonging to the same nationals of the same designated enemy country and subject to vesting (and in fact vested by this Order) pursuant to section 2 of said Executive Order;

And further determining that to the extent that such nationals are persons not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany);

And having made all determinations and taken all action, after appropriate consultation and certification required by law, and deeming it necessary in the national interest,

Hereby vests in the Alien Property Custodian the property described above, subject to recorded liens, encumbrances and other rights of record held by or for persons who are not nationals of designated enemy countries, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest, and for the benefit, of the United States.

Such property and any or all of the proceeds thereof shall be held in an appropriate account, or accounts, pending further determination of the Alien Property Custodian. This order shall not be deemed to limit the power of the Alien Property Custodian to return such property or the proceeds thereof in whole or in part, nor shall this order be deemed to indicate that compensation will not be paid in lieu thereof, if and when it should be determined to take any one or all of such actions.

Any person, except a national of a designated enemy country, asserting any claim arising as a result of this order may, within one year from the date hereof, or within such further time as may be allowed, file with the Alien Property Custodian on Form APC–1 a notice of claim, together with a request for a hearing thereon. Nothing herein contained shall be deemed to constitute an admission of the existence, validity or right to allowance of any such claim.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order No. 9095, as amended.

Executed at Washington, D. C., on August 18, 1943.

[SEAL] LEO T. CROWLEY,
Alien Property Custodian.

EXHIBIT A

That portion of 50 Vara Block No. 120 beginning at a point on the southerly line of Post Street, distant thereon 107 feet and 6 inches westerly from the westerly line of Grant Avenue; running thence westerly along said line of Post Street 34 feet and 4½ inches; thence at a right angle southerly 60 feet;

thence at a right angle easterly 34 feet and 4½ inches; thence at a right angle northerly 60 feet to the point of beginning; and

That portion of 50 Vara Block No. 120 beginning at a point on the northerly line of Maiden Lane, distant thereon 252 feet 1 inch easterly from the easterly line of Stockton Street; running thence easterly along said line of Maiden Lane 22 feet and 11 inches; thence at a right angle northerly 60 feet; thence at a right angle westerly 22 feet and 11 inches; thence at a right angle southerly 60 feet to the point of beginning.

[F. R. Doc. 43-13651; Filed, August 21, 1943; 10:31 a. m.]

[Amendment of Vesting Order 1163]

ESTATE OF AUGUST KRIENKE

In re: Estate of August Krienke, deceased; File No. D-28-1659; E. T. sec. 504.

Under the authority of the Trading with the Enemy Act, as amended, and Executive Order No. 9095, as amended, and pursuant to law, the undersigned, after investigation finding:

1. That Frederick Krienke, Alvina Kriénke and Paulina Maass, and their issue, and each of them, are residents of Germany, and are nationals of a designated enemy country, Germany;

2. That the said Frederick Krienke, Alvina Krienke and Paulina Maass, and their issue, and each of them, are the owners of the real property described in subparagraph 3 hereof;

3. That the property described as follows:

Certain real property, together with all fixtures, improvements and appurtenances thereto, situated in LaSalle County, Illinois and Kossuth County, Iowa, and particularly described as follows:

Parcel I. The Southeast quarter (¼) of section twenty-nine (29) in Township thirty-four (34), North Range one (1) East of the Third (3rd) Principal Meridian, in the Town of Dimmick, LaSalle County, Illinois, excepting fifty (50) acres off the West side thereof.

Parcel II. The East one-half (½) of the South one-half (½) of the Northeast quarter (¼) of section twenty (20) in Township thirty-three (33), North, Range one (1) East of the Third Principal Meridian, in the Town of Peru, LaSalle County, Illinois.

Parcel III. The Northwest quarter (¼) of section twenty-three (23), in Township ninety-five (95), North, Range twenty-eight (28) West of the Fifth (5th) Principal Meridian, Kossuth County, Iowa.

Parcel IV. The South sixty-seven feet (67) of lots one (1) and two (2) and the South sixty-seven (67) feet of the East one-half (½) of lot three (3); the East one-half (½) of lot eight (8), lots nine (9) and ten (10), all in block one hundred ninety (190) in Brewster's Addition to Ninewa, the same being an Addition in and a part of the City of Peru, LaSalle County, Illinois, excepting however from the aforesaid premises the East fifty (50) feet of the South eighty-nine feet (89) of said lot ten (10).

Parcel V. The South fifty-seven (57) feet of lot five (5) and the South fifty-seven (57) feet of the West fifteen (15) feet of lot four (4) all in block one hundred seventy-one (171) in

Brewster's Addition to Ninewa, the same being an Addition in and a part of the City of Peru, LaSalle County, Illinois, excepting and reserving any and all coal and mining rights theretofore conveyed.

Parcel VI. Lots eight (8) and sixteen (16) in Bull's Subdivision of the North Fifty acres (50) of the West one-half (½) of the North West one-quarter (¼) of section No. ten (10) in Township No. thirty-three (33), North Range one (1) East of the Third (3rd) Principal Meridian, LaSalle County, Illinois, excepting the underlying coal and mining rights which have heretofore been conveyed.

is property within the United States owned by nationals of a designated enemy country, Germany;

4. Determining that to the extent that any or all of said nationals are persons not within a designated enemy country, the national interest of the United States requires that such persons and each of them be treated as nationals of the aforesaid enemy country, Germany;

5. Having made all determinations and taken all action, after appropriate consultation and certification, required by said Executive Order or Act or otherwise; and

6. Deeming it necessary in the national interest;

hereby vests in the Alien Property Custodian the property described in subparagraph 3 hereof, subject to recorded liens, encumbrances and other rights of record, held by or for persons other than Frederick Krienke, Alvina Krienke, and Paulina Maass, and their issue, and each of them, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

Such property, and any or all of the proceeds thereof, shall be held in an appropriate special account or accounts, pending further determination of the Alien Property Custodian. This shall not be deemed to limit the powers of the Alien Property Custodian to return such property or the proceeds thereof, or to indicate that compensation will not be paid in lieu thereof, if and when it should be determined that such return should be made or such compensation should be paid.

Any person, except a national of a designated enemy country, asserting any claim arising as a result of this order may file with the Alien Property Custodian a notice of his claim, together with a request for a hearing thereon, on Form APC-1, within one year from the date hereof, or within such further time as may be allowed by the Alien Property Custodian. Nothing herein contained shall be deemed to constitute an admission of the existence, validity or right to allowance of any such claim.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of said Executive Order.

Dated: August 18, 1943.

[SEAL] LEO T. CROWLEY,
Alien Property Custodian.

[F. R. Doc. 43-13652; Filed, August 21, 1943; 10:31 a. m.]

[Amendment of Vesting Order 1231]

ANNA BORCHERS

Re: Real property, mortgage and claims owned by Anna Borchers.

Vesting Order Number 1231 of April 10, 1943 is hereby amended as follows and not otherwise:

By deleting the provision of subsection (b) (ii) of subparagraph 3 thereof, which reads:

Obligations arising from two bank accounts in the National City Bank of New York, designated as the account of Rabe, Keller & Davis, and the account of Rabe, Keller & Davis, Special Account,

and substituting therefor the following:

Obligations arising from a bank account in the National City Bank of New York, designated as the account of Davis and Quat, Special Account.

All other provisions of such Vesting Order Number 1231 and all action taken on behalf of the undersigned in reliance thereon, pursuant thereto and under the authority thereof are hereby ratified and confirmed.

Executed at Washington, D. C. on August 18, 1943.

[SEAL] LEO T. CROWLEY,
Alien Property Custodian.

[F. R. Doc. 43-13653; Filed, August 21, 1943; 10:31 a. m.]

OFFICE OF DEFENSE TRANSPORTATION.

CHICAGO WHOLESALE LIQUOR ASSOCIATION

RECOMMENDATION OF JOINT ACTION PLAN

Pursuant to a provision of a general order issued by the Office of Defense Transportation for the purpose, among others, of conserving and providently utilizing motor vehicles and vital equipment, materials and supplies, (General Order ODT 17, as amended, 7 F.R. 5678, 7694, 9623; 8 F.R. 8278, 8377), National Cordial Co., Inc., and 29 others, members of Chicago Wholesale Liquor Association, listed in Appendix A hereto, have filed with the Office of Defense Transportation for approval a joint action plan relating to the transportation and delivery by motor vehicle of alcoholic beverages in the Chicago, Illinois, area.

The participants in the plan propose to eliminate wasteful operations in the transportation of alcoholic beverages by limiting and curtailing deliveries and by operating more efficient routes. Philip Blum & Co., Inc., will operate its trucks not more than 6 days a week and the 29 other participants not more than 5 days a week. All participants agree to make not more than one delivery a week to a customer at any one point; to formulate plans of distribution to be made over "circle routes"; substantially to curtail all deliveries to customers located beyond reasonable distances from their premises; to load their trucks to capacity prior to departure on delivery trips; and generally to cooperate in conservation plans promulgated by the Office of Defense Transportation for the maintenance and operation of their motor vehicles. It is estimated that effectuation of the plan will result in savings of 40 percent or approximately 600,000 truck-miles a year.

It appearing that the proposed joint action plan is in conformity with General Order ODT 17, as amended, and that the effectuation thereof will accomplish substantial conservation and efficient utilization of motor trucks and vital materials and supplies, the attain-

ment of which purposes is essential to the successful prosecution of the war, I have approved the plan and recommend that the Chairman of the War Production Board find and certify under section 12 of Public Law No. 603, 77th Congress (56 Stat. 357), that the doing of any act or thing, or the omission to do any act or thing, by any person in compliance with said joint action plan, is requisite to the prosecution of the war.

Issued at Washington, D. C., this 19th day of August 1943.

JOSEPH B. EASTMAN,
Director, Office of Defense Transportation.

APPENDIX A

(Wholesale Liquor Dealers of Chicago, except as noted *)

1. National Cordial Co., Inc.
2. Philip Blum & Co., Inc.
3. Italian Cheese Company.
4. Universal Liquor Co., Inc.
5. Northwestern Liquor Co.
6. Blue Eagle Wine & Liquor Co.
7. Old Gold Dist., Inc.
8. Judge & Dolph Ltd.
9. Union Distributors.
10. Casey & Evans, Inc.
11. McKesson & Robbins, Inc.
12. South Shore Liquors, Not Inc.
13. National Wine & Liquor Co.
14. LaSalle Wine & Liquor Co.
15. Sam Cassel Co.
16. Hol-Mar Co.
17. Mutual Liquor & Tobacco Co.
18. Morand Bros. Bev. Co.
19. Continental Distributing Co., Inc.
20. A. J. Samuel Co.
21. Old Castle Inc., Cicero, Illinois.*
22. Pioneer Atlas Liquor Co.
23. City Wine & Liquor Co.
24. Kusper Bros.
25. Universal Wine & Liquor Co.
26. Peerless Distributing Co., Inc.
27. Triple C Wholesale Liquors Inc.
28. Capitol Wine & Liquor Co.
29. South Side Wholesale Liquor Co.
30. Wells Liquor Co.

[F. R. Doc. 43-13691; Filed, August 23, 1943; 9:47 a. m.]

RECOMMENDATION FOR TRANSPORTATION OF LIVESTOCK BY COMMERCIAL MOTOR VEHICLE

In order to conserve and providently utilize vital transportation equipment, materials and supplies; and to provide for the prompt and continuous movement of necessary traffic, the attainment of which purposes is essential to the successful prosecution of the war, the following plan concerning the transportation of livestock by commercial motor vehicle is promulgated and recommended to the Chairman of the War Production Board for approval under section 12, Public Law 603, 77th Congress (56 Stat. L. 357).

1. *Purpose of recommendation.* The purpose of this recommendation is to enable producers, motor carriers, dealers and processors, who raise, buy, sell, transport, or handle livestock, to cooperate with each other and with the Office of Defense Transportation in the transportation of such livestock by motor truck in such manner as will result in conservation and provident utilization of motor vehicles and as will provide, insofar as possible, for the prompt and continuous movement of livestock by such vehicles.

2. *Area Livestock Industry Transportation Advisory Committee.* The producers, motor carriers, dealers, and processors, who raise, sell, buy, transport, or handle, as the case may be, livestock which is located within the territory of any District Manager of the Division of Motor Transport, Office of Defense Transportation, or any other area approved by the Office of Defense Transportation, may elect or select a committee, to be known as the Area Livestock Industry Transportation Advisory Committee, which shall be truly and equitably representative of such producers, motor carriers, dealers and processors.

3. *Notice of election or selection.* A notice shall be published in a newspaper or newspapers, having a general circulation within such area, fixing a time not less than ten (10) days after such publication, and a place, at which such committee will be elected or selected. The notice shall state that all such producers, motor carriers, dealers and processors are entitled to participate in the election or selection of the committee.

4. *Election of chairman; preparation of statement in writing.* The members of such committee shall elect a chairman. Immediately upon his election, the chairman, or other officer, of such committee shall file a statement in writing with the Office of Defense Transportation at Washington, D. C., which shall contain (1) the name and address of each member of the committee, (2) the class or group which each member of the committee purports to represent, (3) a geographical description of the area within which the committee will act, (4) the method utilized in electing or selecting each member of the committee, including a copy of the notice of such election or selection, together with proof of publication of such notice, (5) the number of persons, by class or group, who participated in such election or selection, (6) the specie(s) of livestock to be transported, and (7) such other information as may be required by the Office of Defense Transportation.

5. *Approval of the Office of Defense Transportation.* No action shall be taken by the committee until the election or selection of the committee has been approved by the Office of Defense Transportation. If, in the opinion of the Office of Defense Transportation, the committee was elected or selected in conformance with the provisions, conditions, and limitations of this Recommendation, as certified under section 12, Public Law 603, 77th Congress (56 Stat. L. 357), the committee will be recognized by the Office of Defense Transportation as exclusively authorized to act within such area in the manner hereinafter described. Notwithstanding such approval, the Office of Defense Transportation may remove, at any time, any person elected or selected as a member of such committee.

6. *Appointment of administrator; functions.* At the time such committee is approved, the Office of Defense Transportation will appoint an administrator, who shall be an employee of the Office of Defense Transportation. The administrator shall, with the advice and assistance of the Area Livestock Industry Transportation Advisory Committee, direct the movement of motor trucks in the transportation of livestock within such area in such manner, and at such time or times, as will conserve and providently utilize such motor trucks and provide, insofar as possible, for the continuous movement of livestock by such trucks.

7. *Function of Area Livestock Industry Transportation Advisory Committee.* The Area Livestock Industry Transportation Advisory Committee, under the supervision and direction of the administrator, shall:

(a) Acquire and record information, from time to time, of the approximate quantity, type, and kind, of livestock located within the area, the point or points to or from which, and the time or times at which, the transportation of such livestock by motor truck will be required;

(b) Maintain records approved by the Office of Defense Transportation concerning motor carriers and the operations of such carriers in the transportation of livestock to or from points within such area;

(c) Make recommendations to the Office of Defense Transportation, from to time, in respect of the issuance, amendment, modification, recall, suspension, cancellation or revocation of a Certificate of War Necessity pertaining to any motor vehicle utilized in the transportation of livestock to or from points within such area;

(d) Appoint a sub-committee, which shall be known as the Local Livestock Industry Transportation Committee, for any territory assigned to such sub-committee within such area. The sub-committee shall be representative of (i) those persons having possession or control of livestock to be transported within such territory, the transportation of which by motor truck will be required, (ii) of motor carriers engaged in the transportation of livestock who serve points within such territory and (iii) of the processors and dealers in livestock, if any, who process or deal in livestock within such territory.

8. *Function of Local Livestock Industry Transportation Committee.* The Local Livestock Industry Transportation Committtee shall perform such duties as may be assigned to it by the administrator and shall advise and assist the administrator in directing the movement of motor trucks in the transportation of livestock to or from points within the territory, or between points therein and other points within the area.

9. *Restrictions and prohibitions.* (a) Except as provided by subparagraph (c) of paragraph 7 of this Recommendation, neither the administrator nor any of such committees shall take any action which will deny any producer, processor, dealer, or handler of livestock the transportation thereof by motor truck at such time or times, or to or from such point or points, as he may designate;

(b) Except as provided by paragraphs 6 and 8, and subparagraph (c) of paragraph 7, of this recommendation, neither the administrator nor any of such committees shall take any action which will deny any motor carrier the right to transport livestock to or from points within the area.

(c) No action shall be taken by the administrator, or by any of such committees, concerning the transportation of livestock by the use of any facility or means other than motor trucks, or which will require any motor carrier to perform any transportation service that is not sanctioned by law or is beyond the carrier's transportation capacity.

10. Any producer, motor carrier, dealer, or processor may complain, in writing, to the administrator in respect of any act performed by him or by any of such committees, or any member thereof. Any such complaint shall be considered and decided by the administrator, with the advice and assistance of the Area Livestock Industry Transportation Advisory Committee. If any such person is not satisfied with the decision of the administrator, he may appeal, in writing, to the Regional Manager, Division of Motor Transport, Office of Defense Transportation, for the region within which such area is located. If the decision of the Regional Manager be adverse, in whole or in part, to such person, he may appeal, in writing, to the Director, Division of Motor Transport, Office of Defense Transportation, Washington, D. C., whose decision shall be final: *Provided,* That the provisions of this paragraph shall not apply to any complaint made by a motor carrier in respect of the issuance, amendment, modification, recall, suspension, cancellation or revocation of a certificate of war necessity and any such complaint, and any proceeding in respect thereof, shall be exclusively governed by, and be in accordance with, the provisions of any applicable order pertaining thereto issued by the Office of Defense Transportation.

11. *Certificate No. 115; limited to action in conformance with recommendation.* Notice is hereby given that Certificate No. 115 issued by the Chairman, War Production Board, under section 12, Public Law 603, 77th Congress (56 Stat. L. 357) applies only in respect of acts performed in accordance with the terms of this recommendation.

12. *Records; inspection.* The administrator, the Area Livestock Industry Transportation Advisory Committee, and the sub-committees, each shall prepare and maintain such records, and make such reports, as the Office of Defense Transportation may prescribe subject to the approval of the Bureau of the Budget pursuant to the Federal Reports Act of 1942. Such records shall be available for examination and inspection at all reasonable times by any accredited representative of the Office of Defense Transportation.

13. *Termination.* This recommendation shall remain in full force and effect until six months after the termination of the present war shall have been duly proclaimed, or until such earlier time as the Office of Defense Transportation may designate, or until any certificate issued in respect of this recommendation shall have been withdrawn by the Chairman of the War Production Board in the manner provided by section 12, Public Law 603, 77th Congress (56 Stat. L. 357).

Issued at Washington, D. C., this 20th day of August 1943.

JOSEPH B. EASTMAN,
Director,
Office of Defense Transportation.

[F. R. Doc. 43-13690; Filed, August 23, 1943; 9:47 a. m.]

OFFICE OF PRICE ADMINISTRATION.

[Order 3 Under § 1341.566 of Maximum Price Regulation 306]

CANNERS OF FRUIT COCKTAIL AND MIXED FRUIT

ADJUSTMENT OF MAXIMUM PRICE

Order No. 3 under § 1341.566 of Maximum Price Regulation No. 306—Certain Packed Food Products.

For the reasons given in the accompanying opinion and pursuant to § 1341.566 of Maximum Price Regulation No. 306, *It is ordered:*

That, canners of fruit cocktail and mixed fruit may sell and deliver the same under agreements with buyers in each case to adjust the selling price in accordance with action taken by the Office of Price Administration, after delivery thereof.

This order shall become effective August 21, 1943.

(56 Stat. 23, 765; Pub. Law 151, 78th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 21st day of August 1943.

GEORGE J. BURKE,
Acting Administrator.

[F. R. Doc. 43-13687; Filed, August 21, 1943; 4:16 p. m.]

LIST OF INDIVIDUAL ORDERS GRANTING ADJUSTMENTS, ETC., UNDER PRICE REGULATIONS

The following orders were filed with the Division of the Federal Register on August 21, 1943.

Order Number and Name

MPR 39, Order 11, Craftex Mills, Inc.
MPR 120, Order 235, Utah Blue Diamond Coal Co.
MPR 246, Order 13, Celina Mfg. Co.
MPR 246, Order 14, Harriman Mfg. Co.

Copies of these orders may be obtained from the Office of Price Administration.

ERVIN H. POLLACK,
Head, Editorial and Reference Section.

[F. R. Doc. 43-13719; Filed, August 23, 1943; 11:34 a. m.]

LIST OF INDIVIDUAL ORDERS GRANTED ADJUSTMENTS, ETC., UNDER PRICE REGULATIONS

The following orders were filed with the Division of the Federal Register on August 20, 1943.

Order Number and Name

RPS 58, Order 3, Azad B. Karabagui.
RPS. 41, Order 21, Hartford Electrical Steel Corp. & Roxbury Casting Co.
RPS 6, Order 47, Kaiser Co. Inc.
RPS 60, Order 7, California & Hawaiian Refining Corp.
MPR 136, Order 92, Tuth Pump Co.
MPR 136, Order 93, Hart-Carter Co.
MPR 244, Order 25, Am 1, Standard Buffalo Foundry.
MPR 347, Order 3, Cleveland Mica Co.
Supp. Order 9, Order 10, U. S. Industrial Chemicals, Inc.
Supp. Reg. 15, Order 91, South Jersey Port Commission.
Rev. Supp. Reg. 1, Order 30, T. D. Baker & Co.

Copies of these orders may be obtained from the Office of Price Administration.

ERVIN H. POLLACK,
Head, Editorial and Reference Section.

[F. R. Doc. 43-13718; Filed, August 23, 1943; 11:34 a. m.]

Regional, State, and District Office Orders.

[Region III Order G-6 Under MPR 329]

FLUID MILK IN MCCRACKEN COUNTY, KY.

Order No. G-6 under Maximum Price Regulation No. 329—Purchases of Milk from Producers for Resale as Fluid Milk.

For the reasons set forth in an opinion issued simultaneously herewith and under the authority vested in the Regional Administrator of Region III of the Office of Price Administration by § 1351.408 (c) of Maximum Price Regulation No. 329, *It is hereby ordered:*

(a) Any milk distributor in the County of McCracken in the State of Kentucky may pay producers an amount not in excess of $3.00 per cwt. for "milk" of 4% butterfat content, plus or minus 4½¢ for each 1/10 of 1% butterfat variation over or under 4%.

(b) Each milk distributor increasing his price to producers for "milk" pursuant to the provisions of this order shall, within five days of such action, notify the Regional Office of the Office of Price Administration, Union Commerce Building, Cleveland, Ohio, by letter or postcard, of his price established pursuant to the provisions of this order, together with a statement of his previous price.

(c) *Definitions.* (1) "Milk distributor" is defined to mean any individual, corporation, partnership, association, or any other organized group of persons or successors of the foregoing who purchases "milk" in a raw and unprocessed state for the purpose of resale as fluid milk in glass, paper or other containers.

(2) "Producer" means a farmer, or other person or representative, who owns, superintends, manages, or otherwise controls the operations of a farm

on which "milk" is produced. For the purposes of this order, farmers' cooperatives are producers when (1) they do not own or lease physical facilities for receiving, processing, or distributing milk, and (2) they do not own or lease physical facilities for receiving, processing or distributing milk, but they act as selling agents for producers, whether members of such cooperative or not.

(3) "Milk" means liquid cow's milk in a raw, unprocessed state, which is purchased for resale for human consumption as fluid milk. "In a raw, unprocessed state" means unpasteurized and not sold and delivered in glass or paper containers.

(d) This order may be modified, amended or revoked at any time.

This order shall be effective as of June 15, 1943.

(Pub Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871, E.O. 9328, 8 F.R. 4681)

Issued July 19, 1943.

CLIFFORD J. HOUSER,
Acting Regional Administrator.

[F. R. Doc. 43-13666; Filed, August 21, 1943; 12:00 p. m.]

[Region III Order G-7 Under MPR 329]

FLUID MILK IN VANDERBURGH COUNTY, IND.

Order No. G-7 under Maximum Price Regulation No. 329—Purchases of Milk from Producers for Resale as Fluid Milk.

For the reasons set forth in an opinion issued simultaneously herewith and under the authority vested in the Regional Administrator of Region III of the Office of Price Administration by § 1351.408 (c) of Maximum Price Regulation No. 329, *It is hereby ordered:*

(a) Any milk distributor in the County of Vanderburgh in the State of Indiana may pay producers for "milk" an amount not in excess of 85¢ per pound butterfat (or $3.40 per cwt. for milk of 4% butterfat content).

(b) Each milk distributor increasing his price to producers for "milk" pursuant to the provisions of this order shall, within five days of such action, notify the Regional Office of the Office of Price Administration, Union Commerce Building, Cleveland, Ohio, by letter or postcard, of his price established pursuant to the provisions of this order, together with a statement of his previous price.

(c) *Definitions.* (1) "Milk distributor" is defined to mean any individual, corporation, partnership, association, or any other organized group of persons or successors of the foregoing who purchases "milk" in a raw and unprocessed state for the purpose of resale as fluid milk in glass, paper or other containers.

(2) "Producer" means a farmer, or other person or representative, who owns, superintends, manages, or otherwise controls the operations of a farm on which "milk" is produced. For the purposes of this order, farmers' cooperatives are producers when (1) they do not own or lease physical facilities for receiving, processing, or distributing milk, and (2) they do own or lease physical facilities for receiving, processing or distributing milk, but they act as selling agents for producers, whether members of such cooperative or not.

(3) "Milk" means liquid cow's milk in a raw, unprocessed state, which is purchased for resale for human consumption as fluid milk. "In a raw, unprocessed state" means unpasteurized and not sold and delivered in glass or paper containers.

(d) This order may be modified, amended or revoked at any time.

This order shall be effective as of July 1, 1943.

(Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871, E.O. 9328, 8 F.R. 4681)

Issued July 19, 1943.

CLIFFORD J. HOUSER,
Acting Regional Administrator.

[F. R. Doc. 43-13668; Filed, August 21, 1943; 12:00 p. m.]

[Region III Order G-1 Under MPR 280]

BULK MILK IN CUYAHOGA, WAYNE AND SUMMIT COUNTIES, OHIO

Correction

In F.R. Document 12607 appearing on page 10917 of the issue for Thursday, August 5, 1943, the issuance and effective dates should read "December 16, 1942."

[Region IV Order G-4 Under Rev. MPR 122]

SOLID FUELS IN RALEIGH, N. C.

Order No. G-4 under § 1340.260 of Revised Maximum Price Regulation No. 122—Solid Fuels Sold and Delivered by Dealers. Maximum prices for solid fuels in the City of Raleigh, in the State of North Carolina.

Pursuant to the authority vested in the Regional Administrator of the Office of Price Administration by § 1340.260 of Revised Maximum Price Regulation No. 122 and for reasons stated in the opinion issued herewith, *It is ordered:*

(a) *What this order does.* (1) This order establishes maximum prices for sales of specified solid fuels made within the corporate limits of Raleigh in the State of North Carolina. These are the highest prices that any dealer may charge when he delivers any of such fuel at or to a point in the City of Raleigh in the State of North Carolina; they are also the highest prices that any buyer in the course of trade or business may pay for them.

(2) This order contains a price schedule applicable to sales of low volatile and high volatile bituminous coal from District Nos. 7 and 8, respectively.

(b) *What this order prohibits.* Regardless of any obligation, no person shall:

(1) Sell or, in the course of trade or business, buy solid fuels at prices higher than the maximum prices set by this Order No. G-4 but less than maximum prices may at any time be charged, paid, or offered,

(2) Obtain a higher than maximum price by

(i) Charging for a service which is not expressly requested by the buyer and which is not specifically authorized by this Order.

(ii) Charging a price higher than the schedule price for a service,

(iii) Making any charge for the extension of credit,

(iv) Using any tying agreement or making any requirement that anything other than the fuel requested by the buyer be purchased by him, or

(v) Using any other device by which a higher than maximum price is obtained, directly or indirectly.

(c) *Price schedule, sales on a "direct delivery or domestic" basis.*

(1) *Retail sales.* The price schedule sets forth maximum prices for retail sales of specified sizes, kinds and quantities of solid fuels delivered to consumers at any point within the corporate limits of the City of Raleigh in the state of North Carolina.

HIGH VOLATILE BITUMINOUS COAL FROM DISTRICT NO. 8

Size	Per ton (2000 pounds)	Per ½ ton (1000 pounds)	Per ¼ ton (500 pounds)
Egg	$9.50	$5.00	$2.63
Stoker	9.40	4.95	2.60
Nut and slack	8.65	4.58	2.41

LOW VOLATILE BITUMINOUS COAL FROM DISTRICT NO. 7

Size	Per ton (2000 pounds)	Per ½ ton (1000 pounds)	Per ¼ ton (500 pounds)
Lump and egg	$11.40	$5.95	$3.10
Steve	10.75	5.63	2.94
Domestic nut	9.90	5.20	2.73
Domestic pea	9.30	4.90	2.58
Domestic run-of-mine	9.80	5.15	2.70
Domestic straight Run-of-mine	8.95	4.73	2.49
Nut and slack	8.70	4.60	2.43

(2) *Sale of coal in sacks.* Dealer may charge not more than 70 cents for 90 lb. bag of any kind of coal listed in the above schedule.

(3) *Maximum authorized service charges and deductions*—(i) *Carry or wheel service or carry up or down stairs service:* If buyer requests such service, the dealer may charge not more than $1.00 per ton for such service.

(ii) *Sacking:* Dealer may charge $1.00 per ton for the service of putting coal in sacks furnished by the purchaser; the dealer may charge $3.00 per ton for the same service if he furnished the sacks.

(iii) *Yard sales:* When buyer picks up coal at the dealer's yard, the dealer must reduce the domestic price of his coal $1.00 per ton.

(iv) *Quantity sales:* When buyer purchases in carloads, the dealer must reduce the domestic price $1.00 per ton: on sales between dealers in any quantity the dealer must reduce the domestic price $1.50 per ton.

(v) *Sales tax:* The State Sales Tax of 3% may be added to the prices shown in Price Schedule 1.

(d) *Ex parte 148 freight rate increase: transportation tax.*—(1) *The freight rate increase.* Since the ex parte 148 freight rate increase has been rescinded by the Interstate Commerce Commission, the dealer's freight rates are the same as those of December 1941. Therefore, no dealer may increase any schedule price on account of freight rates.

(2) *The transportation tax.* Only the transportation tax imposed by Section 620 of the Revenue Act of 1942 may be collected in addition to the maximum prices set by this order: *Provided,* The dealer states it separately from the price on the statement given to the buyer under paragraph (n) (2). But no part of that tax may be collected in addition to the maximum price on sales of quarter-ton or lesser quantities or on sales of any quantity of bagged coal.

(e) *Addition of increase in supplier's prices prohibited.* The maximum prices set by this order may not be increased by a dealer to reflect increases in purchase costs or in supplier's maximum prices occurring after the effective date hereof; but increases in the maximum prices set hereby to reflect such increases are within the discretion of the Administrator.

(f) *Petitions for amendment.* Any person seeking an amendment to this order may file a petition for amendment in accordance with Revised Procedural Regulation No. 1 except that the petition shall be filed with the Regional Administrator and acted upon by him.

(g) *Power to amend or revoke.* The Price Administrator or Regional Administrator may amend, revoke, or rescind this Order, or any provision thereof, at any time.

(1) *Applicability of other regulations.* Every dealer subject to this Order is governed by the licensing and registration provisions of sections 15 and 16 of the General Maximum Price Regulation. Sections 15 and 16 provide, in brief, that a license is required of all persons selling at retail commodities for which maximum prices are established. A license is automatically granted. It is not necessary to apply for the license, but a dealer may later be required to register. The license may be suspended for violation in connection with the sale of any commodity for which maximum prices are established. If a dealer's license is suspended, he may not sell any such commodity during the period of suspension.

(h) *Records and reports.* Every dealer subject to this order shall preserve, keep, and make available for examination by the Office of Price Administration, the same records he was required to preserve and keep under § 1340.262 (a) and (b) of Regulation No. 122.

It is not necessary that these maximum prices be filed with the War Price and Rationing Boards.

(i) *Posting of maximum prices: sales slips and receipts.* (1) Each dealer subject to this order shall post all the maximum prices set by it for all his types of sales. He shall post his prices in his place of business in a manner plainly visible to and understandable by the purchasing public. He shall also keep a copy of this order available for examination by any person inquiring as to his prices for solid fuel.

(2) Every dealer selling solid fuel for sales of which a maximum price is set by this order shall, within thirty days after the date of delivery of the fuel, give to the buyer a statement showing: the date of the sale, the name and address of the dealer and of the buyer, the kind, size and quantity of the solid fuel sold, the price charged and separately stating, any item which is required to be separately stated by this order. This paragraph (n) (2) shall not apply to sales of quantities of less than one-quarter ton or to sales of bagged coal unless the dealer customarily gave such a statement on such sales.

(3) In the case of all other sales, every dealer who during December 1941 customarily gave buyers sales slips or receipts shall continue to do so. If a buyer requests of a seller a receipt showing the name and address of the dealer, the kind, size and quantity of the solid fuel sold to him or the price charged, the dealer shall comply with the buyer's request as made by him.

(j) *Enforcement.* (1) Persons violating any provision of this order are subject to civil and criminal penalties, including suits for treble damages, provided for by the Emergency Price Control Act of 1942, as amended.

(2) Persons who have any evidence of any violation of this order are urged to communicate with the Raleigh, North Carolina District Office of the Office of Price Administration.

(k) *Definitions and explanations.* When used in this order No. G–4 the term,

(1) "Person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor representative of any of the foregoing, and includes the United States, any other government, or any agency or subdivision of any of the foregoing.

(2) "Sell" includes sell, supply, dispose, barter, exchange, lease, transfer, and deliver, and contracts and offers to do any of the foregoing. The terms "sale", "selling", "sold", "seller", "buy", "purchase" and "purchaser" shall be construed accordingly.

(3) "Dealer" means any person selling solid fuel except producers or distributors making sales at or from a mine, a preparation plant operated as an adjunct of any mine, a coke oven, or a briquette plant.

(4) "Direct delivery" means dumping or chuting the fuel from the seller's truck directly into the buyer's bin or storage space; but, if this is physically impossible, the term means discharging the fuel directly from the seller's truck at a point where this can be done and at the point nearest and most accessible to the buyer's bin or storage space.

"Direct delivery" of bagged fuel or of any fuel in quarter ton or lesser lots always means delivery to the buyer's storage space.

(5) "Carry" and "Wheel" and "carry up or down stairs" refer to the movement of fuel to buyer's bin or storage space by wheelbarrow, barrel, sack or stairs or otherwise from the seller's truck or from the point of discharge therefrom when made in the course of "direct delivery".

(6) "Yard sales" shall mean deliveries made by the dealer in his customary manner at his yard or at any place other than his truck.

(7) "District No." refers to the geographical bituminous coal-producing districts as delineated and numbered by the Bituminous Coal Act of 1937, as amended.

(8) "High volatile bituminous coal" and "low volatile bituminous coal" refers to coal produced in certain sections of the producing districts specified herein.

(9) "Lump, egg, stove, stoker, domestic nut, domestic pea, nut and slack" sizes of bituminous coal refer to the size of such coal as defined in the Bituminous Coal Act of 1937, as amended, and as prepared at the mine in accordance with the applicable minimum price schedule promulgated by the Bituminous Coal Division of the United States Department of the Interior, except that "domestic run-of-mine" and "domestic straight run-of-mine" shall be that size sold as such by the dealer.

(10) Except as otherwise provided herein or as the context may otherwise require, the definitions set forth in §§ 1340.355 and 1340.266 of Regulation No. 122 shall apply to terms used herein.

(l) *Effect of order on Revised Maximum Price Regulation No. 122.* To the extent applicable, the provisions of this order supersede Revised Maximum Price Regulation No. 122.

This order has been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

This Order No. G–4 shall become effective September 1, 1943.

(Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 8781; E.O. 9328, 8 F.R. 4681)

Issued August 21, 1943.

JAMES C. DERIEUX,
Regional Administrator.

[F. R. Doc. 43–13665; Filed, August 21, 1943; 11:58 a. m.]

[Region V Rev. Order G–2 Under MPR 333]

EGGS IN CERTAIN PARISHES OF LOUISIANA

Revised Order No. G-2 under Maximum Price Regulation No. 333 (§ 1429.-63). (Formerly Revised General Order No. 2). Egg and Egg Products. Modification of prices in certain named parishes in the State of Louisiana.

For the reasons set forth in the opinion issued simultaneously herewith, and under the authority of § 1429.63 of Maximum Price Regulation No. 333, as amended, *It is hereby ordered:*

(a) That the maximum price for any person selling and delivering Grades A and B of consumer grade shell eggs to:

(1) Any retailer other than a "large retailer"

(2) Any commercial, industrial, institutional or non-Federal Governmental user

shall be as hereinafter set out in Table A, when such purchaser or purchasers are located in any of the parishes of East Baton Rouge, Jefferson, Orleans or Plaquemines in the State of Louisiana:

TABLE A.—WEEKLY PRICES MONDAY THROUGH SUNDAY

1943—Week beginning	June	July				August					September				October				November					December			
	28	5	12	19	26	2	9	16	23	30	6	13	20	27	4	11	18	25	1	8	15	22	29	6	13	20	27
Grade A	45	46	47	48	49	50	51	52	52	53	54	55	56	57	58	58	59	59	59	58	57	56	55	53	53	52	51
Grade B	42	42	43	44	44	45	46	46	46	47	47	47	47	48	49	49	49	49	50	50	50	50	49	48	48	48	48

(b) Maximum prices for any person selling and delivering Grades A and B of consumer grade shell eggs to any "large retailer" located in any of the parishes of East Baton Rouge, Jefferson, Orleans or Plaquemines in the State of Louisiana, when delivered at such large retailer's warehouse, shall be the same prices set forth in Table A incorporated in section (a) of this revised order, less 1½ cents per dozen.

(c) Maximum prices for other sizes and grades. The premiums specified in § 1429.67 (g) of Maximum Price Regulation No. 333 for other egg sizes and grades shall be applicable to the prices set out in Table A above, except that any sale made to a "large retailer" at his warehouse shall be 1½ cents per dozen less than the same sale would be to the class of buyers listed in section (a) (1) of this revised order.

(d) Unless the context otherwise requires, the definitions as set forth in Maximum Price Regulation No. 333, as amended, shall apply to all of the terms used herein.

(e) This Revised Order No. G–2 under § 1429.63 of Maximum Price Regulation No. 333, as amended, shall become effective at 12:01 A. M. Monday, July 19, 1943, and shall expire, unless sooner terminated, midnight, December 31, 1943.

(f) This revised general order may be revoked or amended at any time by the Regional Administrator, Region V.

(g) This Revised Order No. G–2 includes all of the provisions of Order No. G–2 originally issued, together with the amendments thereto necessary by reason of Amendment No. 10 to Maximum Price Regulation No. 333, and, therefore, may be considered as superseding Order No. G–2.

Issued this 19th day of July 1943, at Dallas, Texas.

C. B. BRAUN,
Acting Regional Administrator.

[F. R. Doc. 43–13672; Filed, August 21, 1943; 12:00 p. m.]

[Region V Order G–2 Under MPR 329, Amdt. 1]

FLUID MILK, DALLAS, TEXAS REGION

Amendment No. 1 to Order No. G–2 under Maximum Price Regulation No. 329. (Formerly General Order No. II.) Purchases of milk from producers for resale as fluid milk. Modification of prices in Region V.

For the reasons set forth in the opinion issued simultaneously herewith and under the authority vested in the Regional Administrator, Region V, Office of Price Administration, by § 1351.408 of Maximum Price Regulation No. 329, *It is hereby ordered*, That Order No. G–2, issued by the Regional Administrator of Region V under Maximum Price Regulation No. 329, be amended in the following respects:

1. The heading of subsection (2) of section (a) is amended to read as follows:

Take the following specific maximum prices provided in this subsection (2) unless you were not purchasing milk from the particular producer during the 90 day period preceding July 12, 1943. If you did not purchase milk from the particular producer during such period, then you must take as a maximum price for the particular purchase the price arrived at in accordance with subsection (1) above or subsection (3) below of this section (a).

2. The following new subsection (3) is added to section (a), and reads as follows:

(3) If you did not purchase milk from the particular producer at any time during the 90 day period preceding July 12, 1943, the maximum price which you may pay such producer shall be determined as follows, unless you elect to use sub-section (1) of this section (a) above:

(i) If any purchaser of milk should purchase milk from a producer who was producing milk for sale during the 90 day period preceding July 12, 1943, but who was not selling such milk to this particular purchaser during this period, the maximum price which such purchaser may pay such producer shall be the established maximum price paid that particular producer by a purchaser of the same or most similar class who purchased milk from that particular producer during the 90 day period preceding July 12, 1943: *Provided*, That such price shall not exceed the price which the purchaser so determining a price would have arrived at under subsection (2) of this section (a): *Provided, further*, That such price shall be adjusted for difference in cost of transportation from the point of production to the point of delivery between the present purchaser and the purchaser who was buying such milk during the 90 day period referred to; and, *Provided, further*, That such price shall be subject to applicable price differentials, allowances, and discounts for grade or quality, type of purchaser, or otherwise.

(ii) If any purchaser of milk shall purchase milk from a producer who was not producing milk for sale at any time during the 90 day period preceding July 12, 1943, the purchaser has the option of determining the maximum price on the purchase from that particular producer under either subsection (1) or (2) of this section (a).

This Amendment No. 1 to Order No. G–2 under Maximum Price Regulation No. 329 shall become effective at 12:01 a. m. on the 18th day of July 1943.

Issued at Dallas, Texas, this the 13th day of July 1943.

MAX MCCULLOUGH,
Regional Administrator.

[F. R. Doc. 43–13671; Filed, August 21, 1943; 11:58 a. m.]

[Region VI Order G–85 Under 18 (c)]

MILK IN PEKIN, ILLINOIS

Order No. G–85 under § 1499.18 (c) of the General Maximum Price Regulation. Adjustment of fluid milk prices for Pekin, Illinois.

For reasons set forth in an opinion issued simultaneously herewith and under the authority vested in the Regional Administrator of the Office of Price Administration by § 1499.18 (c) of the General Maximum Price Regulation, *It is ordered:*

(a) *Revocation of previous order.* Order No. G–35, formerly Regional Order No. 42, issued under § 1499.18 (c) of the General Maximum Price Regulation, is hereby revoked and superseded by this Order No. G–85.

(b) *Maximum prices.* The maximum price for sale and delivery of fluid milk in bottles and paper containers at wholesale and retail in the Pekin, Illinois area shall be:

	Wholesale	Retail
Regular milk:	*Cents*	*Cents*
Gallon	40	
Half gallon	22	26
Half gallon price in purchase of two units or more.		25
Quart	11½	14
Quart price in purchase of four units or more.		13
Pint	7	8
Half pint	3	5
Homogenized vitamin D milk:		
Quart	12½	15
Quart price in purchase of four units or more.		14
Pint	7½	8½
Half pint	3¾	5
Chocolate milk:		
Quart	11½	14½
Half pint	3¾	
Buttermilk:		
Gallon	34	40
Half gallon	17	22
Quart	10	12
Skim milk:		
Gallon	15	
Quart		7

(c) *Definitions.* For the purposes of this order:

1. Sales and deliveries within the Pekin, Illinois area shall mean:

i. All sales made within the city limits of Pekin, Illinois and within an area of five miles from the city limits and all sales at or from an establishment located in Pekin, Illinois; and

ii. All sales of fluid milk by any seller at retail at or from an establishment obtaining the major portion of its supply of milk from a seller at wholesale located within Pekin, Illinois.

2. Milk shall mean cows' milk having a butterfat content of not less than 3.2 per cent or the legal minimum established by statute or municipal ordinance, bottled, distributed and sold for consumption in fluid form as whole milk.

3. Sales at wholesale shall for the purposes of this order include all sales to retail stores, restaurants, army camps, prisons, schools, hospitals and other institutions.

(d) Except as otherwise herein provided, the provisions of the General Maximum Price Regulation shall apply.

(e) This order may be revoked, amended or corrected at any time.

This order shall become effective July 23, 1943.

(Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871)

Issued this 19th day of July 1943.

RAYMOND S. MCKEOUGH,
Regional Administrator.

[F. R. Doc. 43-13669; Filed, August 21, 1943; 11:59 a. m.]

[Region VI Order G-86 Under 18 (c) and 75 (a) (3)]

HAULING CUCUMBERS AND CAULIFLOWER IN WISCONSIN

Order No. G-86 under §§ 1499.18 (c) and 1499.75 (a) (3) of the General Maximum Price Regulation. Adjusted maximum prices for hauling cucumbers and cauliflower in Wisconsin.

For the reasons set forth in an opinion issued simultaneously herewith and under the authority vested in the Regional Administrator for Region VI of the Office of Price Administration by §§ 1499.18 (c) and 1499.75 (a) (3) of the General Maximum Price Regulation, *It is hereby ordered:*

(a) *What this order does.* This order allows a permitted increase in the established maximum prices for the hauling of cucumbers and cauliflower from growing fields to receiving stations, salting stations and other processing plants, and from receiving stations to salting stations and other processing plants. The "established" maximum price for sellers who did not furnish the same or similar hauling services in the past is determined by reference to the price of the most closely competitive seller, in accordance with the provisions of the General Maximum Price Regulation.

(b) *Permitted increases for hauling services.* The following additions may be made to the established maximum prices for hauling services covered by this order:

(1) Any hauler who has a maximum price established on a truck-man-hour basis may add 20¢ per truck-man-hour to his maximum price.

(2) Any hauler whose maximum price is established on some basis other than a truck-man-hour basis may add to this established maximum price a sum equal to 15% thereof. The hauler shall calculate his charges on the unit (such as per cwt., per ton, per mile, per load, per hour, or any other basis) actually used by him in establishing his maximum price. All calculations of the unit charge shall be carried to the nearest one-tenth of a cent.

(c) *Definitions.* As used in this order:

(1) "Truck-man-hour basis" refers to the practice of making a charge by the hour for the use of a vehicle in combination with the services of one man under an agreement or understanding whereby the lessor assumes the expense of operation and maintenance.

(2) "Hauling" includes any transportation services and any leasing of transportation equipment, whether in combination with the services of a driver or otherwise. Services furnished by any person as an employee are not included.

(d) *Geographical applicability.* This order applies to hauling of cucumbers and cauliflower from fields and receiving stations in Wisconsin and hauling to receiving stations and processing plants located in Wisconsin.

(e) *Revocability.* This order may be amended, corrected or revoked at any time.

(f) *Effective date.* This order shall become effective July 20, 1943.

(Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871)

Issued this 19th day of July 1943.

RAYMOND S. MCKEOUGH,
Regional Administrator.

[F. R. Doc. 43-13670; Filed, August 21, 1943; 12:00 p. m.]

[Region VIII Order G-2 Under MPR 333]

EGGS IN DESIGNATED COUNTIES OF NEVADA AND CALIFORNIA

Order No. G-2 under Maximum Price Regulation No. 333, as amended—Eggs and Egg Products.

For the reasons set forth in an opinion issued simultaneously herewith and under the authority vested in the Regional Administrator of the Office of Price Administration by § 1429.63 of Maximum Price Regulation No. 333, as amended, *It is hereby ordered:*

(a) The adjusted maximum price for sales of consumer grade shell eggs in the counties of Churchill, Douglas, Elko, Humboldt, Lyon, Ormsby, Pershing, Storey, Washoe, and that portion of the counties of Eureka and Lander situated north of the 40° parallel, in the State of Nevada, and in the counties of Alpine and Lassen, and that portion of the counties of Eldorado, Placer, Nevada and Sierra situated east of the summit of the Sierra Nevada, in the State of California, shall be the maximum price for shell eggs as specified in §§ 1429.67, 1429.68 and 1429.69 of Maximum Price Regulation No. 333, as amended, for the City of San Francisco in the State of California.

(b) The adjusted maximum price for sales of consumer grade shell eggs in the counties of Clark, Esmeralda, Lincoln, Mineral, Nye, White Pine and that portion of the counties of Eureka and Lander situated south of the 40° parallel, in the State of Nevada, shall be the maximum price for shell eggs as specified in §§ 1429.67, 1429.68 and 1429.69 of Maximum Price Regulation No. 333, as amended, for the City of Los Angeles in the State of California.

(c) This order may be revoked, amended or corrected at any time.

This order shall become effective upon its issuance.

(Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871)

Issued this 17th day of July 1943.

L. F. GENTNER,
Acting Regional Administrator.

[F. R. Doc. 43-13673; Filed, August 21, 1943; 11:59 a. m.]

[Region VIII Rev. Order G-2 Under 18 (c), Amdt. 12]

MILK AND CREAM IN DEL NORTE COUNTY, CALIFORNIA

Amendment No. 12 to Revised Order No. G-2 under § 1499.18 (c), as amended, of the General Maximum Price Regulation. (Formerly Revised Order No. 3 under section 18 (c), as amended, of the General Maximum Price Regulation.) Adjusted maximum prices of fluid milk and cream at wholesale and retail in certain localities in the State of California.

For the reasons set forth in an opinion issued simultaneously herewith and under the authority vested in the Regional Administrator of the Office of Price Administration by § 1499.18 (c) of the General Maximum Price Regulation, *It is hereby ordered,* That Revised Order No. G-2 under § 1499.18 (c), as amended, of the General Maximum Price Regulation (formerly Revised Order No. 3 under section 18 (c), as amended, of the General Maximum Price Regulation) be amended as set forth below:

(a) Schedule B as amended is hereby further amended by adding at the end thereof the following:

DEL NORTE COUNTY

[Not less than 3.5% milk fat]

	Wholesale	Retail
Quart, glass or fibre	$0.11	$0.13
Pint	.07	.085
Half-pint	.04	

This amendment shall become effective August 1, 1943.

(Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871)

Issued this 19th day of July 1943.

L. F. GENTNER,
Acting Regional Administrator.

[F. R. Doc. 43-13674; Filed, August 21, 1943; 11:59 a. m.]

[Region VIII Order G-3 Under MPR 154]

ICE IN CHENEY, WASHINGTON, AREA

Order No. G-3 under Maximum Price Regulation No. 154, as amended—Ice.

For the reasons set forth in an opinion issued simultaneously herewith and under the authority vested in the Regional Administrator of the Office of Price Administration by § 1393.8 (c) of Maximum Price Regulation No. 154; *It is hereby ordered:*

(a) The adjusted maximum price for sales of ice at wholesale by ice manufacturers located in Cheney, Washington, shall be as follows:

(1) For sales of ice delivered in Cheney, Washington, the adjusted maximum price shall be $7 per ton.

(2) For sales of ice delivered to the premises of buyers located in the towns of Reardon and Medical Lake, Washington, the adjusted maximum price shall be $9 per ton.

(b) The adjusted maximum price for sales of ice at retail in Reardon and Medical Lake, Washington, shall be as follows:

Quantity unit:	*Adjusted maximum price per pound*
50 pounds or less	$0.01
51 to 99 pounds	.075
100 pounds or more	.006

(c) The adjusted maximum price for sales of ice at retail in Cheney, Washington, shall be $.01 per pound.

(d) This order may be amended or revoked by the Office of Price Administration at any time.

This order shall become effective upon issuance.

(Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871)

Issued this 16th day of July 1943.

FRANK E. MARSH,
Regional Administrator.

[F. R. Doc. 43-13675; Filed, August 21, 1943; 11:58 a. m.]

[Region VIII Order G-6 Under MPR 165]

HANDLING OF TUNA FISH IN WASHINGTON, OREGON, AND CALIFORNIA

Order No. G-6 under Maximum Price Regulation No. 165, as amended—Services.

For the reasons set forth in an opinion issued simultaneously herewith, and under the authority vested in the Regional Administrator of the Office of Price Administration by § 1499.114 (d) of Maximum Price Regulation No. 165, as amended, *It is hereby ordered:*

(a) The adjusted maximum price for the "services rendered in connection with the handling of fresh tuna fish" in the States of Washington, Oregon, and California shall be as follows:

(1) $22.50 per net ton of 2,000 pounds, plus cost of transportation from dock or other customary receiving point at port of entry to "customary receiving point of canner".

(b) *Definitions.* (1) "Services rendered in connection with the handling of fresh tuna fish" shall mean unloading of boats, receiving on dock or other point of unload, weighing, storage, furnishing of ice and icing, loading on cars, trucks, or other conveyances for shipment to "customary receiving point of 'canner' ", and furnishing such other services and facilities as may be necessary to accomplish the foregoing: *Provided,* That if boxes are furnished by the person performing such services, the actual cost of the boxes, not to exceed the maximum price, may be charged in addition to the adjusted maximum price.

(2) "Cost of transportation" shall mean the lowest available common carrier rate, or, if no such rate is available, the actual cost of such transportation, not to exceed the maximum price of the person furnishing such service.

(3) "Customary receiving point of 'canner' " shall mean the canner's place of business or the spur or sidetrack designated by the canner at or near his place of business.

(4) "Canner" shall mean a person who preserves tuna fish by processing and hermetically sealing in metal or other containers.

(c) This order may be revoked, amended, or corrected at any time. This order shall become effective July 19, 1943.

(Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871)

Issued this 19th day of July 1943.

L. F. GENTNER,
Acting Regional Administrator.

[F. R. Doc. 43-13667; Filed, August 21, 1943; 11:59 p. m.]

[Region VIII Order G-2 Under Rev. MPR 122]

BITUMINOUS COAL IN SEATTLE, WASH., AREA

Correction

In F.R. Document 12716 appearing on page 11011 of the issue for Saturday, August 7, 1943, the figure in the second column of Table IX opposite Size group 21 should be "$8.65."

In Table X the last item under "Size groups" should read:

22 Slack 1¼ x 0"

The figure in the first column of Table X opposite Size group 13 should be "$.65."

In Table XII the figure in the last column should be "$10.15."

SECURITIES AND EXCHANGE COMMISSION.

[File No. 811-245]

ATLANTIC SECURITIES COMPANY OF BOSTON

NOTICE OF AND ORDER FOR HEARING

At a regular session of the Securities and Exchange Commission, held at its office in the City of Philadelphia, Pa., on the 20th day of August, A. D. 1943.

An application having been filed by The Atlantic Securities Company of Boston pursuant to section 8 (f) of the Investment Company Act of 1940 for an order declaring that the applicant has ceased to be an investment company within the meaning of said Act;

It is ordered, Pursuant to section 40 (a) of said Act, that a hearing on the aforesaid application be held on August 30, 1943, at 10:00 a. m., eastern war time, in Room 318 of the Securities and Exchange Commission Building, 18th and Locust Streets, Philadelphia, Pennsylvania.

It is further ordered, That Charles S. Lobingier, Esquire, or any other officer or officers of the Commission designated by it for that purpose, shall preside at such hearing. The officer so designated is hereby authorized to exercise all the powers granted to the Commission under sections 41 and 42 (b) of the Investment Company Act of 1940 and to Trial Examiners under the Commission's Rules of practice.

Notice of such hearing is hereby given to the applicant and to any other persons whose participation in such proceeding may be in the public interest or for the protection of investors.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 43-13648; Filed, August 21, 1943; 9:57 a. m.]

[File Nos. 54-74 and 59-69]

NORTH CONTINENT UTILITIES CORPORATION AND SUBSIDIARY COMPANIES

NOTICE OF FILING OF APPLICANTS' APPLICATIONS AND ORDER FOR HEARING

At a regular session of the Securities and Exchange Commission held at its office in the City of Philadelphia, Pennsylvania on the 20th day of August, A. D. 1943.

North Continent Utilities Corporation and its subsidiaries having previously filed an application for approval of a plan of liquidation pursuant to section 11 (e) of the Public Utility Holding Company Act, and the Commission having previously instituted proceedings directed to North Continent Utilities Corporation and its subsidiaries pursuant to sections 11 (b) (1) and 11 (b) (2) of the Act, both of which proceedings are now pending before the Commission;

Notice is hereby given that North Continent Utilities Corporation and its subsidiary companies, Highland Utilities Company and Southern Arizona Public Service Company, have filed with this Commission applications and declarations, designated as "Application No. 1" and "Application No. 2" respectively, pursuant to sections 11 (b) (1), 11 (b) (2), and 11 (e) and any other applicable sections of the Act and the rules promulgated thereunder, with respect to certain transactions in connection with North Continent's plan of liquidation.

All interested persons are referred to said applications and declarations, which are on file in the offices of the Commission, for a statement of the transactions therein proposed which are summarized as follows:

Highland Utilities Company proposes to sell to the Empire Electric Association, Inc., a Colorado corporation, its electric transmission and distribution system located in the County of Montezuma, State of Colorado, together with the real estate and other assets pertinent thereto, for a base price of $150,000 in cash, subject to certain adjustments to the date of sale. These properties are known as the "Mesa Verde Division" of Highland, serving the towns of Delores, Cortez, and Mancos.

Southern Arizona Public Service Company proposes to sell to Sulphur Springs Valley Electric Cooperative, Inc., an Arizona corporation, all of its electric generation, transmission and distribution systems, ice and water plants, which are located in the County of Cochise, State of Arizona, together with the real estate and other assets pertinent thereto, for a base purchase price of $155,000 subject to certain adjustments to the date of sale.

The proceeds of these sales, after deducting necessary expenses, will be deposited in the general funds of Highland and Southern Arizona respectively, and, to the extent legally possible, will be made available to its sole stockholder, North Continent. Concurrently, North Continent will, to the extent that such net proceeds are made available to it, deposit such funds with the Trustee under the indenture securing its First Lien Collateral and Refunding Gold Bonds, Series A, 5½%, due January 1, 1948, to be used by the Trustee in making ratable payments upon the unpaid principal of the Bonds, as provided in North Continent's plan.

It appearing to the Commission that it is appropriate in the public interest and the interest of investors and consumers that a hearing be held with respect to said matters and that the applications and declarations of North Continent and its subsidiaries shall not be granted or permitted to become effective except pursuant to further order of this Commission.

It is ordered, That a hearing on such matters under the applicable provisions of said Act and Rules of the Commission thereunder be held on September 2, 1943 at 10:00 a. m., e. w. t., at the offices of the Securities and Exchange Commission, 18th and Locust Streets, Philadelphia, Pennsylvania. On such day the hearing room clerk in Room 318 will advise as to the room where such hearing will be held. At such hearing cause shall be shown why such declarations and applications shall become effective or shall be granted. Notice is hereby given of said hearing to the above-named applicants and declarants and to all interested parties, said notice to be given to said applicants and declarants by registered mail and to all other persons by publication in the FEDERAL REGISTER.

It is further ordered, That any person desiring to be heard or otherwise wishing to participate herein shall notify the Commission to that effect in the manner provided in Rule XVII of the Commission's Rules of Practice on or before August 28, 1943.

It is further ordered, That Willis E. Monty, or any other officer or officers of the Commission designated by it for that purpose, shall preside at the hearings in such matter. The officer so designated to preside at such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said Act and to a trial examiner under the Commission's Rules of Practice.

It is further ordered, That, without limiting the scope of the issues presented by said applications and declarations, particular attention will be directed at the said hearing to the following matters and questions:

(1) Whether the proposed transactions are in compliance with the applicable provisions of the Act;

(2) Whether the considerations to be received in connection with the proposed sales are fair and reasonable;

(3) Whether the accounting entries to be made in connection with the proposed sales and the adjustment of accounts incident thereto are in accord with sound and accepted principles of accounting.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 43-13694; Filed, August 23, 1943; 10:08 a. m.]

[File No. 68-28]

NEW ENGLAND PUBLIC SERVICE CO.

NOTICE OF FILING AND ORDER FOR HEARING

In the Matter of Arthur E. Spellissy, Benjamin S. Mechling and James H. Orr, as Committee for holders of preferred stock of New England Public Service Company, File No. 62-28.

At a regular session of the Securities and Exchange Commission, held at its office in the City of Philadelphia, Pennsylvania, on the 20th day of August, 1943.

Notice is hereby given that a declaration has been filed with the Commission pursuant to the Public Utility Holding Company Act of 1935, and particularly section 12 (e) thereof and Rule U-62 promulgated thereunder, by Arthur E. Spellissy, Benjamin S. Mechling and James H. Orr, as a Committee for the holders of Preferred Stock, $6 Dividend Series and Preferred Stock, $7 Dividend Series, of New England Public Service Company, a subsidiary of Northern New England Company, both registered holding companies. All interested persons are referred to said declaration, which is on file in the office of this Commission, for a full statement of the action therein proposed, which may be summarized as follows:

The declarants propose to solicit authorizations from the holders of the Preferred Stock of New England Public Service Company and to represent such stockholders in the pending proceedings before the Commission relating to the plan filed by New England Public Service Company on December 7, 1941 (File No. 95-15) proposing a method of complying with the applicable provisions of the Public Utility Holding Company Act of 1935, particularly section 11 thereof, or any other relevant proceedings.

Said declaration indicates that two members of the Committee, namely Arthur E. Spellissy and Benjamin S. Mechling, own stock of New England Public Service Company. Spellissy owns 2200 shares of Preferred stock, $6 Didivend Series and 1500 shares of Preferred Stock $7 Dividend Series. Mechling owns 2000 shares of Preferred Stock, $6 Dividend Series and 1400 shares of Preferred Stock, $7 Dividend Series. In addition, he owns 100 shares of $6 Preferred Stock of Central Maine Power Company, a subsidiary of New England Public Service Company. The declaration also indicates that declarants have been authorized to represent approximately twenty-one other holders of stock of New England Public Service Company who own 12,410 shares of Preferred Stock, $6 Dividend Series and 3500 shares of Preferred Stock, $7 Dividend Series.

The declaration sets forth specific limitations on members of the Committee and on the companies with which they are connected with respect to their dealings in securities of New England Public Service Company and its subsidiaries with the exception of First Boston Corporation of which James H. Orr is a director. Declarants request that First Boston Corporation be exempted from the conditions imposed by paragraph (g) of Rule U-62.

It appearing to the Commission that it is appropriate in the public interest and in the interest of investors and consumers that a hearing be held with respect to said declaration, and that said declaration shall not become effective except pursuant to the further order of the Commission.

It is ordered, That a hearing on such matters under the applicable provisions of the Public Utility Holding Company Act of 1935 and the Rules thereunder be held on September 14, 1943 at 10:00 a. m., e. w. t. at the office of the Securities and Exchange Commission, 18th and Locust Streets, Philadelphia, Pennsylvania, in such room as may be designated at such time by the hearing room clerk in Room 318. All persons desiring to be heard or otherwise wishing to participate in the proceedings, shall notify the Commission in the manner provided by Rule XVII of the Commission's Rules of Practice, on or before September 11, 1943.

It is further ordered, That Charles S. Lobingier, or any other officer or officers of the Commission designated by it for that purpose, shall preside at the hearing in such matters. The officer so designated to preside at such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of the Act and to a trial examiner under the Commission's Rules of Practice.

It is further ordered, That, without limiting the scope of the issues presented by said declaration, particular attention will be directed at the hearing to the following matters and questions:

1. The nature of the respective claims or interests of the holders of the Preferred Stock, $6 Dividend Series and Preferred Stock, $7 Dividend Series, and whether there exists a conflict of interest between such respective claims and interests, and whether any such conflict of interest is material with respect to representation by such committee.

2. Whether the statements proposed to be made in the solicitation material, in the light of the circumstances under which such statements are intended to be made, are misleading, or whether any material facts necessary in order to make the statements therein not misleading are omitted therefrom.

3. Whether the requirements of paragraphs (g) and (h) (1) of Rule U-62 as

applied to the proposed solicitation are not necessary or appropriate in the public interest or for the protection of investors or consumers with respect to First Boston Corporation, and whether such company should be exempted from said requirements, and whether the Commission should so order pursuant to Rule U-100.

4. Whether such declaration as filed, or as may be amended, should be permitted to become effective as consistent with the standards of section 12 (e) of the Act and Rule U-62 promulgated thereunder.

5. Whether the public interest or the interest of investors and consumers require the imposition of terms and conditions with respect to such proposed solicitation.

It is further ordered, That the Secretary of the Commission shall serve notice of the entry of this order by mailing a copy thereof by registered mail to New England Public Service Company and Northern New England Company and to the declarants and that notice shall be given to all other persons by publication in the FEDERAL REGISTER.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 43-13695; Filed, August 23, 1943; 10:08 a. m.]

WAR FOOD ADMINISTRATION.

ASSIGNMENT OF PREFERENCE RATINGS TO FARMERS FOR INTERNAL COMBUSTION ENGINES FOR FARM USE

DELEGATION OF AUTHORITY

Delegation of authority to the Deputy Administrator in charge of the Office of Materials and Facilities of the War Food Administration, the State and County USDA War Boards and the County Farm Rationing Committees to assign preference ratings for internal combustion engines for farm use.

The authority vested in me by War Production Board Directive 28 to assign preference ratings to farmers and to persons operating farm equipment for hire on farms is hereby delegated to the Deputy Administrator in charge of the Office of Materials and Facilities of the War Food Administration, the State and County USDA War Boards and the County Farm Rationing Committees. In exercising such authority, the State and County USDA War Boards and the County Farm Rationing Committees shall operate under procedures and instructions formulated by the Deputy Administrator.

(WPB Directive 28, 8 F.R. 11021)

Issued this 23d day of August 1943.

MARVIN JONES,
War Food Administrator.

[F. R. Doc. 43-13702; Filed, August 23, 1943; 11:20 a. m.]

1944 HAWAIIAN SUGARCANE PRICES AND WAGE RATES

NOTICE OF PUBLIC HEARING AND DESIGNATION OF PRESIDING OFFICERS

Pursuant to the authority contained in subsections (b) and (d) of section 301 and section 511 of the Sugar Act of 1937, (Public No. 414, 75th Congress), as amended, and Executive Order No. 9322, issued March 26, 1943, as amended by Executive Order No. 9334, issued April 19, 1943,

Notice is hereby given that a public hearing will be held at Honolulu, on the Island of Oahu, Territory of Hawaii, on September 15, 1943, at 9:30 a. m., in the Court Room of the United States District Court for the Territory of Hawaii, in the Federal Building at Honolulu.

The purpose of the hearing is to receive evidence likely to be of assistance to the War Food Administrator in determining (1), pursuant to the provisions of section 301 (b) of the said act, fair and reasonable wage rates for persons employed in the production, cultivation, or harvesting of sugarcane during the calendar year 1944 on farms with respect to which applications for payments under the act are made, and (2), pursuant to the provisions of section 301 (d) of the said act, fair and reasonable prices for the 1944 crop of sugarcane to be paid, under either purchase or toll agreements, by processors who as producers apply for payments under the said act, and (3) to receive evidence likely to be of assistance to the War Food Administrator in making recommendations, pursuant to the provisions of section 511 of the said act, with respect to the terms and conditions of contracts between producers and processors of sugarcane, and the terms and conditions of contracts between laborers and producers of sugarcane.

Such hearing, after being called to order at the time and place mentioned above, may for convenience be adjourned to such other place in the same city as the presiding officers may designate, and may be continued from day to day within the discretion of the presiding officers.

Joshua Bernhardt, Earle T. MacHardy, and W. Norman King are hereby designated as presiding officers to conduct, either jointly or severally, the foregoing hearing.

Done at Washington, D. C., this 21st day of August, 1943.

MARVIN JONES,
War Food Administrator.

[F. R. Doc. 43-13703; Filed, August 23, 1943; 11:20 a. m.]

WAR PRODUCTION BOARD.

NOTICES TO BUILDERS AND SUPPLIERS OF ISSUANCE OF REVOCATION ORDERS PARTIALLY REVOKING AND STOPPING CONSTRUCTION OF CERTAIN PROJECTS

The War Production Board has issued certain revocation orders listed in Schedule A below, partially revoking preference rating orders issued in connection with, and partially stopping construction of the projects affected. For the effect of each such order upon preference ratings, construction of the project, and delivery of materials therefor, the builder and suppliers affected shall refer to the specific order issued to the builder.

Issued August 20, 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

SCHEDULE A

Preference rating order	Serial No.	Name and address of builder	Location of project	Issuance date
P-19-e	51-E	Illinois Division of Hwys., Dept. of Public Works & Bldg., Springfield, Ill.	Felter, Ill.	8/7/43
P-19-e	115-E	New Jersey State Hwy. Dept., Trenton, N. J.	Westville & Millville, N. J.	8/14/43
P-19-e	113-E	New Jersey State Hwy. Dept., Trenton, N. J.	Fairlawn & Morgan, N. J.	8/14/43
P-19-e	114-E	New Jersey State Hwy. Dept., Trenton, N. J.	Various locations	8/14/43
P-19-e	405-E	Mississippi State Hwy. Dept., Jackson, Miss.	Gibson-Aberdeen, Miss.	8/14/43
P-19-e	266-E	Arkansas State Hwy. Dept., Little Rock, Ark.	Saline River Bridge	8/14/43

[F. R. Doc. 43-13607; Filed, August 20, 1943; 11:27 a. m.]

NOTICE TO BUILDERS AND SUPPLIERS OF ISSUANCE OF REVOCATION ORDERS REVOKING AND STOPPING CONSTRUCTION OF CERTAIN PROJECTS

The War Production Board has issued certain revocation orders listed in Schedule A below, revoking preference rating orders issued in connection with, and stopping the construction of the projects affected. For the effect of each such order upon preference ratings, construction of the project and delivery of materials therefor, the builder and suppliers affected shall refer to the specific order issued to the builder.

Issued August 20, 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

SCHEDULE A

Preference rating order	Serial No.	Name and address of builder	Location of project	Issuance date
P-19-h	19958	Shell Pipe Line Corp., 1120 Shoreham Bldg., Washington, D. C.	Deer Park, Tex.	8/6/43
P-19-h	78310	School Board of School Dist. #52, Oklahoma City, Okla.	Midwest City, Okla.	8/11/43
P-19-e	18518	West Virginia State Road Comm., Charleston, W. Va.	S. R. #2	8/14/43
P-19-e	343-E	New Jersey State Hwy. Dept., Trenton, N. J.	Atlantic City, N. J.	8/14/43
P-19-e	294-E	New York State Dept. of Public Works, Div. of Hwys., Albany, N. Y.	Haverstraw, N. Y.	8/14/43

[F. R. Doc. 43-13608; Filed, August 20, 1943; 11:27 a. m.]

NOTICE TO BUILDERS AND SUPPLIERS OF ISSUANCE OF STOP CONSTRUCTION ORDERS STOPPING CONSTRUCTION OF CERTAIN PROJECTS

The War Production Board has issued certain stop construction orders listed in Schedule A below, stopping the construction of the projects affected. For the effect of each such order upon the construction of the project and delivery of materials therefor, the builder and suppliers affected shall refer to the specific order issued to the builder.

Issued August 21, 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

SCHEDULE A

Name and address of the builder	Location of project	Issuance date
Arkansas State Highway Commission, Little Rock, Arkansas.	Between Fort Smith and Hackett, Arkansas.	8-16-43

[F. R. Doc. 43-13659; Filed, August 21, 1943; 10:51 a. m.]

[Certificate 114]

TRANSPORTATION AND DELIVERY OF ALCOHOLIC BEVERAGES IN CHICAGO, ILL.

APPROVAL OF ODT ORDER

The ATTORNEY GENERAL: I submit herewith a recommendation of the Director of the Office of Defense Transportation concerning a plan for joint action by the persons named therein, members of the Chicago Wholesale Liquor Association, with respect to the transportation and delivery of alcoholic beverages by motor vehicle in the Chicago, Illinois, area.[1]

For the purposes of section 12 of Public Law No. 603, 77th Congress (56 Stat. 357) I approve the joint action plan described in the recommendation; and after consultation with you, I hereby find and so certify to you that the doing of any act or thing, or the omission to do any act or thing, by any person in compliance with such joint action plan is requisite to the prosecution of the war.

DONALD M. NELSON,
Chairman.

AUGUST 19, 1943.

[F. R. Doc. 43-13692; Filed, August 23, 1943; 9:47 a. m.]

[1] *Supra.*

[Certificate 115]

TRANSPORTATION OF LIVESTOCK BY COMMERCIAL MOTOR VEHICLE

APPROVAL OF ODT ORDER

The ATTORNEY GENERAL: I submit herewith a plan formulated by the Office of Defense Transportation entitled "Recommendation for Transportation of Livestock by Commercial Motor Vehicle".[1]

For the purposes of section 12 of Public Law No. 603, 77th Congress (56 Stat. 357), I approve the plan; and after consultation with you, I hereby find and so certify to you that the doing of any act or thing, or the omission to do any act or thing, by any person in compliance with such plan, is requisite to the prosecution of the war.

DONALD M. NELSON,
Chairman.

AUGUST 20, 1943.

[F. R. Doc. 43-13693; Filed, August 23, 1943; 9:47 a. m.]